



SINTANA
ENERGY

MD&A|Q3 2012

SNN | TSX-V

SINTANA ENERGY INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012

(DISCUSSION DATED NOVEMBER 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 nine months ended September 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 condensed interim consolidated financial statements for the three and nine months ended September 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 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 by IFRS for full annual financial statements. Information contained herein is presented as of November 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 interim consolidated financial statements for the three and nine months ended September 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 information 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 September 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 information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These risk factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speak only as of the date of this MD&A. All subsequent forward-looking information attributable to the Company herein is expressly qualified in its 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 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 111,624 acre LLA-18 Block. In addition, on November 12, 2012, Sintana announced that Patriot Energy Services LLC Corp ("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. Subject to approval by the Agencia Nacional de Hidrocarburos ("ANH"), ExxonMobil will acquire an undivided 70% participation interest and operatorship in the formations defined as unconventional by completing the work program. 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. 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 approximately \$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 and VMM-37 being subject to the Agreement with ExxonMobil) 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 early April 2012, Canacol Energy Ltd. and ExxonMobil 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 (VMM-37 being subject to the Agreement with ExxonMobil) 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 Magdalena formation is one of the most unique aspects of this largely unconventional Cretaceous section.

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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 conditional 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 approximately \$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 24,375,000 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 September 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.

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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 September 30, 2012, the Company had assets of \$11,211,546 and a net equity position of \$5,398,415. This compares with assets of \$5,880,003 and a net deficit position of \$2,434,792 at December 31, 2011. At September 30, 2012, the Company had \$5,813,131 of liabilities (December 31, 2011 - \$602,881). For the three and nine months ended September 30, 2012, the Company expensed \$2,636,784 and \$37,615,458, respectively (three and nine months ended September 30, 2011 – \$9,243,863 and \$23,421,754, respectively) of its oil and natural gas ownership interests.

At September 30, 2012, the Company had working capital of \$5,332,598 (December 31, 2011 – \$818,816). The Company had unrestricted cash and cash equivalents of \$6,518,976 at September 30, 2012 (December 31, 2011 - \$1,273,722). The increase in working capital of \$4,513,782 and increase in unrestricted cash and cash equivalents of \$5,245,254 from December 31, 2011 to September 30, 2012, are primarily due to the private placement which raised aggregate gross proceeds of approximately \$11 million and the reclassification of restricted cash from long-term to current, which is included in the calculation of working capital. The Company expects ExxonMobil will assume responsibility for providing secured performance warranties for various phases of the contractual work program resulting in the release of restricted Sintana funds currently on deposit to secure Company guarantees.

The Company believes that it has sufficient cash on hand to fund its operating expenses and exploration programs for the twelve-month period ending September 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. 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.

The volatility of financial markets is a significant risk for the Company and the industry. 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 may 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.

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Sintana considers its capital to be equity, comprising share capital, warrants, contributed surplus and deficit, which at September 30, 2012, totaled \$5,398,415 (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. Forecast summaries are provided to the Board of Directors. Sintana's capital management objectives, policies and processes have remained unchanged during the three and nine months ended September 30, 2012. Sintana is not subject to any external capital requirements.

Selected Quarterly Information

The quarterly information presented below is that of ColCan and has been prepared in accordance with IFRS. 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-September 30	Nil	(4,467,423) ⁽¹⁾	(0.01)	11,211,546
2012-June 30	Nil	(39,967,408) ⁽²⁾	(0.19)	16,260,762
2012-March 31	Nil	(434,160) ⁽³⁾	(0.06)	4,943,289
2011-December 31	Nil	(3,466,718) ⁽⁴⁾	(0.05)	5,880,003
2011-September 30	Nil	(10,499,222) ⁽⁵⁾	(0.20)	9,567,344
2011-June 30	Nil	(7,133,835) ⁽⁶⁾	(0.21)	21,519,514
2011-March 31	Nil	(9,978,752) ⁽⁷⁾	(0.41)	27,070,906

ColCan quarterly financial information for the period from December 20, 2010 (date of incorporation) to December 31, 2010 is not readily available at the date of this MD&A.

Notes:

- (1) Net loss of \$4,467,423 consisted primarily of: exploration and evaluation expenditures of \$2,636,784; general and administrative expenses of \$978,814; foreign exchange loss of \$419,347; and finance interest of \$432,478.
- (2) 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.
- (3) 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.
- (4) Net loss of \$3,466,718 consisted primarily of: exploration and evaluation expenditures of \$1,157,940; general and administrative expenses of \$357,650; foreign exchange gain of \$15,278; interest expense of \$1,378,880; loss on debt extinguishment of \$1,174,087; and finance interest of \$100,644.

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- (5) Net loss of \$10,499,222 consisted primarily of: exploration and evaluation expenditures of \$9,243,863; general and administrative expenses of \$769,442; foreign exchange gain of \$99,454; and finance expense of \$585,371.
- (6) 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.
- (7) 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.

Variations in the Company's quarterly net income or loss are largely attributable to variations in the timing of the Company's exploration and evaluation expenditures, share-based payments, and loss on debt extinguishment.

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

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

Sintana Blocks

	<i>Colombia</i>			<i>Peru</i>
	Talora	COR-11	COR-39	Bayovar
Participation interest	30%	30%	30%	25%

Bayovar Block, Peru (Sintana – 25% participation interest)

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.

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. Interestingly, this well exhibited natural flow compared to the nearby San Pedro Field (Savia, operator) which requires artificial lift and it appears that net pay footage and flow rate at SC-4X could be greater than what is already a commercial project at the San Pedro Field. If the SC-4X well had been tested for a much longer period of time and if not for the borehole collapse in the zone of interest, it is possible that the well could have been completed as a gas discovery.

In order to drill follow-up wells, planning has commenced for a seismic program on the Bayovar Block XXVII. This consists of a loose 90-km 2D seismic grid designed by Sintana to obtain the first structural subsurface picture. Faulkner Exploration, as operator, previously drilled the SC-4X well without seismic control. Open-hole log data from the well are being incorporated into the design of the seismic survey. Seismic structural and stratigraphic interpretation and post-processing analysis will be used to define optimum locations for the subsequent wells. The key points are that the SC-4X well showed a Paleozoic section that may be highly fractured and gas-saturated over large distances. The seismic will thus provide the next optimum well locations based on structure. The seismic will also provide the basis for defining possible regional Gas Contacts and drilling in optimum directions relative to the preferred fracture and fault directions. Gas commercialization of even small quantities of gas is relatively easy in this area due to existing gas infrastructure and a nearby successful phosphate industry with need for gas and power generation.

Upper-Middle Magdalena Basin, Transition Area, Colombia

There are four field areas surrounding Sintana's acreage in what can be referred to as the "Upper-Middle Magdalena Transition Area." In fact 4 main field areas stake out a rough rectangle around Sintana's 2 main blocks, Talora and COR-39. COR-11 is located further to the SE, within in its own transition area between the Upper Magdalena Basin and the Eastern Cordillera in a frontier wildcat area, fairly high up in the mountains. These four fields are:

- Guando Field discovered in 2000 126 MMBO
- Toqui-Toqui Field discovered in 1986 4-7 MMBO
- Puli Field discovered in 1991 10-13 MMBO
- Abanico Field ("Main") discovered in 1999 18 MMBO

The Guando Field, south of Talora, is one of the most important Upper Magdalena basin 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 2,100 feet. The good quality medium-gravity oil is surprising for such a shallow field, especially since the field 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. The key to success in low-pressure fields such as Guando is to maintain reasonable reservoir pressures and efficient water flooding programs as long as possible.

The important take-away is that there are more than 150 million barrels of light and medium-gravity oil within about 25 kms of Sintana's acreage (Talora and COR-39).

When one zooms into the individual areas, it becomes clear that there may be additional clues as to how even more oil and gas potential may have been overlooked. Nine wells have been drilled in the immediate Talora area since 1921. Closer inspection, however, reveals that these wells are located on the edges of the main structures and mainly along the faults rather than on the anticlines between the faults. It is also important to note that none of these wells has yet reached the Cretaceous Caballos reservoir. Sintana has often urged the operator to be prepared for both conventional fractured sandstone and unconventional shales and carbonates. The commercial outlook is excellent due to the proximity of infrastructure in the well-developed Bogotá/Sabana region where both gas and oil are commercially viable.

It is important to point out that the best-known reservoirs in this "Upper-Middle Magdalena Transition Area," are stratigraphically situated in the upper Cretaceous section. Unfortunately, large areas have been eroded and stripped of this upper Cretaceous section due to uplift, incision and erosion. In the Talora area, as is true in much of the transitional area between the Upper and Middle Magdalena basins, the lower Cretaceous is often considered to be "*shaley*" even though it is largely unknown or very poorly understood. In some areas – in particular to the NE – the lower Cretaceous is thought to be dominated by shales, marls and poorly developed limestones (<20 kms away are the shaley Chawina wells). In other areas – for example toward the SW – the lower Cretaceous is dominated by hundreds of feet of hard sandstones and conglomerates as observed in the Raspe-1 and Lucha-1 wells (~20 kms SW of Talora). Across the entire area, closer inspection reveals a widespread lack of trap in the features that have been drilled over the years.

It is in part due to these widespread perceptions in the industry that Sintana chose this "Upper-Middle Magdalena Transition Area," as a strategic focus area because some of these risks are quite real, there are also several overlapping favorable conditions that might suggest lead to the opposite conclusion often held by the industry. There are 4 main strategic reasons:

(1) Reserve Scale: Avoids the "reserve treadmill"

Industry routinely forgets that this area has world-class oil charge *volume* as well as very thick *net reservoir*. These world-class characteristics provide the large reserve scale observed in the nearby Guando Field, just 25 kms to the southeast of Talora. In order to contain over 126 million barrels recoverable, Guando's Oil-In-Place numbers are likely well over 1.4 billion barrels and this scale of oil volume is a very small percentage of the total hydrocarbons that migrated across this relatively small portion of the basin. The upper Cretaceous reservoir in Guando (Guadalupe) has over 2,000 feet gross and around 1,000 feet *net*. The disadvantage in Talora is that this upper Cretaceous section has been eroded and has mainly the upper and middle Cretaceous section exposed at the surface. Thus the reservoir section in Talora must depend on the middle and lower Cretaceous. As stated above, Sintana's view is that this Upper-Middle Magdalena transition area has more conventional sandstone reservoirs "hidden" in the undrilled Cretaceous sequences, likely representing progressively greater water depths in the northward direction. Though the age of the reservoir unit may vary from field to field and prospect to prospect, it is extremely important that these Cretaceous transitional sequences may provide 100s of feet of *net* reservoir. This reserve scale in Sintana's Upper-Middle Magdalena transition area provides a very important exploration element in Sintana's strategy and that is to avoid the "reserve treadmill." This is a common vicious circle that is difficult to break in which companies find themselves in a state of constant reserve depletion due to the small size of their discoveries.

(2) Underexplored Conventional Sandstone Reservoirs: Additional Conventional Upside

Sintana's view is that this transitional area is underexplored and that there are large sections of conventional sandstone reservoirs hidden in the undrilled Cretaceous sequences of this Upper-Middle Magdalena transition area. Due to the thickness of some of these conventional reservoirs and the large hydrocarbon volumes native to this area, the conventional play has considerable long-term upside and reserve scale, much more than is generally recognized.

(3) New Unconventional Play: Significant New Unconventional Reserves

There is increasing evidence being collected and compiled for the unconventional plays in the Upper-Middle Magdalena transition area. Source rock sections are being analyzed with very encouraging geochemical source rock characteristics, including the fact that some are within the present-day oil window, even at relatively shallow depths (e.g. 3,000-6,000 feet). If these source-prone sections are proven to be viable unconventional reservoirs, they may provide significant reserve scale.

(4) Less Competitive Area, but Excellent Infrastructure & Proximity to Market: "Under the Radar"

Finally, despite its close proximity to the full range of infrastructure, the country's main oil and gas pipelines and Bogotá as one of the major growing industrial centers, this Upper-Middle Magdalena transition area is not nearly as competitive or "over-sold" as some of Colombia's other basins. For example, many of the active portions of the Llanos basin are extremely competitive within the industry and yet they are known to have small reserve size, they are often isolated by great distances without infrastructure and overall, the Llanos' new discoveries lack access to pipelines and even face serious trucking challenges. In great contrast, the Upper-Middle Magdalena area faces none of these

problematic issues. The Upper-Middle Magdalena transition area is in one of the most ideal locations with respect to gas commercialization. The new gas fields that are closest to market are the most likely to "win." The growing domestic demand is directly tied to gas availability, especially a stable supply. Thus most domestic gas growth estimates are completely unreliable. Similarly, in the international market, there are several countries in which their gas demand is largely dependent on what Colombia can consistently deliver, especially in terms of dependable quality. Gas unit prices, domestic or international are consistently projected to be in the \$6-10+ MCF range for new guaranteed contracts. In many cases there are individual buyers lined up to make gas purchase/sales contracts before the exploratory well is even drilled. Due to the proximity of the pipelines and the nearby facilities, oil development in this mature Magdalena area results in low development costs.

Talora Block, Colombia (Sintana – 30% participation interest)

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 108,336-acre Talora block located in Colombia's oil prolific Magdalena Basin. The block was subsequently reduced to 58,812 acres through the normal contract relinquishment schedule (September 2011). 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 first well with Sintana's participation, Dorados-1X, was spud on July 31, 2012 and ended drilling on September 29, 2012. It is currently in its testing phase.

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. In the Cretaceous this area represents the transition between the Upper Magdalena's long-known prolific conventional sandstone reservoirs to the south and the very recent excitement over an increasingly compelling unconventional section in the Middle Magdalena Basin to the north. Sintana Energy's technical strategy is to have, in addition to acreage within the northern unconventional acreage (e.g. VMM-37), to establish a focus area in this transition area between the Upper and Middle Magdalena basins with the concept that there are attractive prospects in both the conventional and unconventional sections. Sintana's view is that there are more conventional sandstone reservoirs in this transition area within the undrilled Cretaceous sequences than the industry recognizes to date, sequences which likely contain the range of depositional clastic environments in a northward direction as Cretaceous water depths generally increase, from fluvial to paralic to marine. Conversely, although the unconventional play-types are now being investigated in Colombia's northern and central Middle Magdalena and Eastern Cordillera basins, the industry has largely ignored the transition area between the Upper and Middle Magdalena. This transition area has long been recognized for its oil seeps and rich source rocks, often at shallow depths and yet still within the present-day oil window. Only recently have companies begun to view these hydrocarbon-rich sections as potential unconventional reservoirs. In fact it is possible that both conventional and unconventional reservoirs will be found in the same wellbores. Sintana was emphatic that the Talora operator be prepared for unconventional section in the recent Dorados-1X well (July-September drilling). Testing is currently underway in this well and further analysis will help determine whether both these plays, the conventional sandstone reservoirs and a possible unconventional 500-foot shale section, have commercial merit in the Talora Block.

Verdal-1 (2010)

The prior well, Verdal-1, was drilled by the current operator Petrodorado in 2010. 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 cease drilling and was abandoned while drilling the shale, limestone and marl of the Tetuan Formation due to well control problems, including significant quantities of gas coming from the Tetuan Formation. The well depth was estimated to be only a few hundred feet above the main Caballos reservoir target. DST attempts in the Tetuan failed due to insufficient stimulation or possibly that the tests indicated a limited gas volume in the Tetuan. Ultimately, though the Verdal-1 test results were considered inconclusive. However, 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 Cretaceous units in these thrust anticlines, including that the main Cretaceous Caballos reservoir may be deeper than originally thought in the Verdal structure.

Talora Work Program – 2-Year Appraisal & Exploratory Extensions

The Talora E&P contract began in 2004, in the year following the start of the ANH and its new function as the administrator of Colombia's oil and gas contracts. The Talora contract had the typical 6-year exploration term and thus 2010, the year in which the Verdal-1 was drilled, was the final exploration year. Given fulfillment of the contractual work program and an adequate indication of a new hydrocarbon resource, these E&P contracts allow for 2-year contract extensions beyond the normal 6-year Exploration Term in which the partnership has additional time to prove up a commercial project. This additional time consists of 2-year extensions, typically in exchange for drilling a well, performing other work program activities and/or making partial acreage relinquishments, all subject to the approval by the ANH. By approval of the ANH, the Verdal-1 well was formally declared a technical gas discovery on January 17, 2011, thereby providing the Talora partnership with the option of a 2-year extension in exchange for a defined ANH-approved work program. This extension would end in January 2013. In addition, with the encouragement from the Verdal-1 well, the partnership was also interested in committing additional exploratory work program to test a separate structure adjacent to Verdal, referred to as the Dorados Structure. This extension would also end in January 2013. Due to the likely need of an appraisal well following an exploratory well, an exploratory program has the option of a second 2-year extension, this extension ending in January 2015. Thus by agreement between the ANH and the Talora partnership, the current Talora work program is based upon two 2-year drilling and evaluation programs running in parallel with the option to add another 2-year period. The first is based upon drilling a follow-up appraisal well to the 2010 Verdal-1 exploratory well and proving up a commercial Verdal project within a 2-year period. In tandem the partnership may also work at proving up the Dorados Exploratory project within the adjacent undrilled Dorados structure. In this additional exploratory commitment, the partnership has the option of taking on two 2-year extensions, one to January 2013 and the second to January 2015.

Verdal-1 (2010) Technical Gas Discovery: provided the initial contractual basis for the current 2-year extensions for the Talora partnership. It is in these extension phases that Sintana began to participate in the Talora contract. The advantage of participating in these extension periods is that it consists of immediate drilling work program, which Sintana's analysis suggests has reasonable probability to be high impact in terms of reserves, time to market and the equally commercial outlook of both gas and oil.

The phase of the hydrocarbons may change with depth and by geologic formation. Thus there may be a fairly complex interaction of multiple source rocks, episodes of expulsion and migration in order to explain dry gas in the Tetuan Fm (Verdal-1), possible gas and light oil zones in the "Dorados Sandstones" younger than the Tetuan, gas-condensate in the younger shale unit above the "Dorados Sandstones" (possible 500-foot unconventional section) and the presence of the well-known Guataqui Oil Seeps which flow to surface, apparently along the prospect's main thrust fault (current API gravity may be in the teens while the original oil at depth may be 30° and lighter).

The Verdal-1 and the Dorados-1X wells demonstrate evidence for effective anticlinal traps, the presence of both gas and oil and the presence of potential reservoirs which may be conventional, unconventional or both.

Talora Contract Extensions:

- Talora E&P Contract: 2004 to 2010, normal 6-year exploration period
 - Final well drilled in 2010: Verdal-1 which resulted in gas-charged Tetuan Fm
 - Declaration of **Verdal-1** as a **Technical Gas Discovery** with the ANH – **January 17, 2011**
 - 2-year extension granted by the ANH
 - Requires drilling Appraisal Well on the Verdal structure

 - Partnership also filed for an **Exploration Extension** of the Dorados structure, adjacent to Verdal
 - 2-year extension granted by the ANH (see below)
 - Requires drilling Exploration Well on the Dorados structure
 - Option for a second 2-year extension (see below)

 - **Mandatory 50% Relinquishment** – Sep. 15, 2011: 108,336 acres reduced to **58,812** acres

 - **Exploration Extensions** – decision on April 19, 2011
 - Phase I: 2 years, ending January 19, 2013: Drill 1 A3* well
 - Phase II: 2 years, ending January 19, 2015: Drill 1 A3* well + 50% Relinquishment
 - Dorados-1X drilled July 31, 2012-September 29, 2012
 - 2nd Dorados well may be drilled as soon as possible, before Jan. 19, 2015.
 - Optimize drilling window for commercialization – as soon as possible
- [*A3 Well = rank exploration well; A2 = appraisal; A1 = development well.]*
- **Appraisal Extension** – decision on February 25, 2011 with Evaluation Program
 - Appraisal: 2 years, ending February 24, 2013: Drill 1 A2* well.
 - Commercial, 24 year-production life
 - Not commercial, 100% relinquishment
 - The plan is to drill an appraisal well on the Verdal Structure in 2013

Dorados-1X – recently drilled, July 31-September 29, 2012

The Dorados-1X was originally planned for a total depth of 9,500 feet (MD), targeting the Cretaceous Caballos and Tetuan formations. It was planned as a deviated well to reduce road & location costs, placing the surface location on the flank and intercepting the structure near the crest. This required a trajectory of just over 23° degrees to the NW (338° degrees) from kick-off depth of around 3,800 feet.

Even though these wells, the Dorados-1X and the Verdal-1 wells, are only 6 kms apart, they are extremely different in most respects. In Verdal-1, Petrodorado encountered “overpressure,” a gas-charged Tetuan Fm and presumably an unusually deep Cretaceous Caballos Fm (Caballos was never intersected). The Dorados-1X well was found to be “the opposite.” It had extremely low pore pressure – likely aptly referred to as “under-pressured.” This is a well-developed Cenomanian sandstone section, younger than any other well-developed sandstone section (on the order of 500-1,000 ft thick). It is the first case to be encountered in the basin. It is now being petrographic analyzed and will be the subject of a separate report. It has informally been named the “Dorados Sandstone” and is also the subject of

renewed exploration efforts along trend in the northern Upper Magdalena Basin and the southern Magdalena Basin.

Preparation of the Dorados-1X Well

The Dorados-1X well was planned based on the mapping of a 2D seismic grid consisting of several different vintages with overall low resolution and mainly poor data quality. The seismic grid consists of about 12 dip lines (SE-NW) about 1 to 2.5 kms apart and 3 strike lines (SW-NE) about 5 kms apart. Despite the loose 2D grid and the low resolution, even coarse seismic mapping consistently showed two large thrust anticlines with their corresponding thrust faults near the center of the Talora block, both with the typical SW-NE Andean orientation and significant 4-way closure and 3-way closure against the main thrust faults. The Verdal-1 well drilled by Petrodorado in 2010 partially penetrated the southernmost structure (see previous description), but the larger northern structure, Dorados, remained untested by any of the 9 previous wells drilled in the area. The Dorados-1X well was designed to drill into what had been mapped as the highest part of the structure, but directionally drilled about 1 km to the NW at about a 20 degree angle from a more accessible and lower cost location on the flank of a mountain which partially covers the Dorados structure.

Originally the Dorados-1X well was scheduled to spud in the 4th Q 2011. The most obvious delay came from the inordinately long final approval of the environmental license (EIA), which took 13 months (rather than something more like 6 months). The Dorados-1X well was finally spud on July 31, 2012. It reached its final Total Depth and officially stopped drilling on September 29, 2012 at a depth of 7,282 feet (MD, Measured Depth).

A significant factor that impacted the Dorados-1X well in many ways came from using and perhaps overusing the lessons learned in drilling the Verdal-1 well in 2010. Even though the two wells are only 6 kilometers apart, they are located on different structures and it is now clearly evident that these structures had very different geologic histories. In Verdal-1 the lower Cretaceous was much deeper than anticipated, so much so that the well was under-designed for depth. It was also under-designed for pore pressure. When the Verdal-1 well entered the Tetuan Fm, a highly fractured unit consisting of shales, marls and limestones, Petrodorado faced higher pore pressures than expected and considerable gas flow. This forced the use of one of its casing strings prior to reaching the Caballos where the operator actually wanted to seat the casing (at the top of the Caballos). When they got back to drilling, in part due to faulty mud pumps, it became evident that they could not control the gas flow, mud weight and make drilling progress so they had to abandon the well in the Tetuan Formation. The Verdal-1 never reached the Caballos Sandstone. Because the main objective Cretaceous Caballos Sandstone was never reached in the Verdal-1 well, there was a considerable amount of planning and oversight by the operator to not fall into the same situations. Thus at each point in planning the Dorados-1X, the choices were typically placed on preparing for the deeper alternatives.

The actual TD of 7,282 feet is 2,218 feet higher than the Planned Total Depth of 9,500 feet. One of the reasons why prognosis and depth estimation is difficult is because of the low resolution of the seismic and the extremely discontinuous nature of the seismic reflections. It is very difficult to follow any set of reflections consistently throughout the seismic grid. Even a reliable basement reflection is absent.

Thus the design for the Dorados-1X well emphasized the deep scenarios and was prepared to go as deep as 10,000 feet. As it turned out, the Dorados-1X well was very different from the Verdal-1 well in almost every aspect. The Dorados-1X well shows no evidence of the Tetuan Formation which was over-thickened in the Verdal-1 well and was the interval that gave the operator the most operational problems due to what was interpreted to be high pore pressures and high gas flow. The post-drill view of the

Verdal-1 well is that due to the operational problems the well was forced to stop short of the main target, the Cretaceous Caballos. Similar to an absent Tetuan in Dorados-1X, it is also absent of any recognizable Caballos Formation, in terms of age or facies.

Drilled a New Thick Cenomanian "Los Dorados Sand" With Oil & Gas Shows: After almost one month of drilling operations, on August 28th, the well drilled into what was described as sandstone, often fine-grained and glassy in texture. Immediately gas shows began. Rather than just a few thin sands, it soon became clear that this was a significant sandstone body, Cenomanian or middle Cretaceous in age and apparently never encountered in any well in the region. The sand section is considerably younger and higher in the stratigraphic section than the Tetuan and Caballos Formations and was reported to contain considerable glauconite, a possible marine assemblage. If so, this would mean that this thick sandstone is likely not simply an isolated fluvial channel, but rather a fairly extensive paralic estuarine or incised valley system with significant marine influence. This sandstone section appears to consist of numerous thick, sand-prone intervals of 1,700 to 2,000 feet gross (as measured in the borehole; uncertain stratigraphic dip), from around 5,160 to below 6,500 feet. Gas shows were abundant and well documented with standard gas chromatography as well as a new mass spectroscopy system that appeared to be working well from the outset. Wet gas shows (robust C1 through C9) were especially prevalent from the start of the sand section at 5,160 feet. The gas shows continue to around 6,036 feet, an interval of 876' gross. Mud log oil shows were also fairly well defined from 5,720 to 6,036 feet, an interval of 316' gross. Given these measurements of 876' of gas and 316' of oil, the total hydrocarbon height would be 1,192 feet (73% gassy section & 27% oily section). Very significantly these oil and gas shows cease abruptly at around 6,040 feet. One of the strongest lines of evidence for the presence of a hydrocarbon column is its Water Contact. In Dorados-1X the gas shows begin abruptly at around 5,100-5,160 feet and continue as single-phase gas shows for around 500 feet. Oil shows then begin to manifest themselves along with gas shows, continue for another 300 feet and then both gas and oil shows end abruptly around 6,040 feet (MD).

The thickness of this overall gross sand interval is far greater than any middle or lower Cretaceous reservoir section in the basin. For example, a typical viable Caballos sandstone in this area would likely be on the order of 50 to 200 feet thick. That this extremely thick sand sequence also displayed a realistic sequence of gas shows, followed by oil shows, followed by what appears to be a water contact would suggest that the Dorados-1X well drilled through one of the best reservoirs in the region. This new sand system, depending on many unknowns yet, could be on the order of 100 to 600 net feet or more with a hydrocarbon column of over 800 feet. Only the 126-million barrel Guando Field (40 kms to the SE) has better numbers than this.

The Dorados-1X exploration well reached a final total depth of 7,282 feet, about 2,200 feet above the originally planned total depth of 9,500 feet. It is evident that the thick, quartz-rich Cenomanian Sand defines a new exploration play for this area. It is important to note that it thus far appears to be thicker than the standard plays in the area and it also appears to have superior petrophysical characteristics. With the well's final drilling, the new sand-prone package now measures in excess of 1,700 feet of gross sandstone section, the lowest segments of which may be Cretaceous Albian in age. The hydrocarbon-bearing characteristics of these sandstones are around 876' of excellent wet gas shows (5,160 to 6,036) as defined by the Gas Chromatography and Mass Spectroscopy and around 316' oil shows based on the mud log, between 5,720 and 6,036 feet. Below this depth of 6,036 feet, the well appeared to be water wet (based on the drop in shows and the petrophysical analysis) and this is taken to simply represent a normal water line for this particular structure or structural compartment. If Dorados-1X has a hydrocarbon column of over 800 feet, it would be one of the largest columns in Colombia. In terms of column height in this part of the Upper Magdalena basin, only the nearby Guando Field is greater. Guando had an original gas and oil column of over 2,100 feet (~35 kms to the southeast of Dorados-1X), a world-class column.

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.

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; 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.

COR-39 and COR-11 Blocks, Colombia (Sintana – 30% participation interests)

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 favorable 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.

COR-39 Block, Colombia (Sintana – 30% participation interest)

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. The drilling, evaluation and testing of these wells should not exceed 4-6 weeks.

COR-11 Block, Colombia (Sintana – 30% participation interest)

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 be drilled in 2014.

ColCan Blocks

	VMM-37 ⁽¹⁾	VMM-4	VMM-15	LLA-18
Participation interest	100% Conventional	25%	25%	25%
	30% Unconventional - carried	(carried)	(carried)	(carried)

⁽¹⁾ VMM-37 being subject to the Agreement with ExxonMobil, November 9, 2012.

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 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 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.

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, 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 two letters of credit that total USD\$4,300,000.

On November 12, 2012, Sintana announced that Patriot, wholly-owned by the Company, had entered into an Agreement with 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.

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. ExxonMobil will assume responsibility for providing these warranties resulting in the release of restricted Sintana funds currently on deposit to secure Company guarantees.

Middle Magdalena Basin

The Middle Magdalena Basin of Colombia has a poly-phase deformation 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 monocline 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 Paleocene 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 and in some areas, units within the La Luna itself.

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 8,000 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 outlook 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 an unconventional play given what could be considered an extremely favourable unconventional "check list" of positive parameters as understood from areas where the unconventional plays are already well established. 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 on the porosities found in conventional reservoirs. Thus the Middle Magdalena Cretaceous section was largely ignored for decades (early 1900's to present) due to the lack of conventional reservoirs, but it is now attracting considerable attention, including from the majors 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. Both majors competing for Colombia's unconventional future, place the Middle Magdalena at #1 or in the top 3 of their worldwide exploration or opportunities portfolio.

VMM-37 Block, Colombia (Sintana Conventional – 100% participation interest; Unconventional – 30% participation interest - carried)

An exploration & Production (E&P) contract for the VMM-37 Block dated March 1, 2011 was awarded to Patriot by the ANH. Production is subject to the standard sliding scale royalty rates and an additional 1% X-factor offered by Patriot during the bid round for this block. ColCan acquired 100% of Patriot and in turn, Sintana acquired 100% of Colcan.

The VMM-37 Block has an area of 174.65 km² (17,465.4374 hectares or 43,159 acres) in the central part of the Middle Magdalena Basin about 5 kms south of the town of Puerto Wilches (department of Santander) the main town in the area (also near the departments of Cesar and Antioquia).

Refer to the subheading "Patriot Energy Services LLC" under the heading "ColCan Blocks" for a description of the Agreement between Sintana and ExxonMobil.

Exploration Program

The contractual work program consists of 3 exploration wells in Phase I and 2 exploration wells in Phase II for a total of 5 wells, plus 50 kms of 2D seismic which the partner will likely change to around 180 km² of 3D seismic for full block coverage.

VMM-4 Block, Colombia (Sintana – 25% participation interest - carried)

The VMM-4 Block is a block in the Middle Magdalena Basin, on the extreme east side of the basin where the basin ends against the Eastern Cordillera with its major mainly strike-slip fault-systems and rugged highlands. The VMM-4 Block consists of an area of 62,690.3 hectares and is part of three municipalities, Rio de Oro, San Martin, and San Alberto. This area was part of larger exploration blocks over the past years, for example when the area was explored by Texaco in the 1960s when the Torcoroma wells were drilled and then by Pluspetrol (in the 1990s) in a large block named "Torcoroma."

- The VMM-4 Block is from 2008 Bid Round block when it was awarded to Golden Oil Corp.

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- The Exploration & Production (E&P) contract for the VMM-4 Block, dated March 10, 2009, was awarded to Golden Oil Corporation by the ANH. Production is subject to the standard sliding scale of the ANH royalty rates and an additional 7% that was offered by Golden in its X-factor bid.
- On June 17, 2010, as decreed by the ANH in Resolutions #220, the VMM-4 contract was transferred from Golden Oil Corporation to LOH Energy Sucursal Colombia (LOH).
- On September 29, 2010 in a private participation agreement between APO Energy Ltd. (APO-Barbados), a wholly-owned indirect subsidiary of P1 Energy Corporation and LOH Energy Sucursal Colombia, P1 Energy Corporation obtained a 75% participation interest in the VMM-4 Block and became the Operator.
- Subsequently, ColCan acquired a 25% participation interest from LOH Energy Sucursal Colombia with a 25% carry.
- On April 25, 2012 Sintana and Colcan finished closing on a previously announced \$11-million bought-deal private placement financing of Colcan's subscription receipts that were announced on April 10, 2012, following an agreement to combine companies as was announced on March 13, 2012."
- As such Sintana has a 25% Work Program carry via its amalgamation with Colcan.

Work Program

The original bid offer to win the block consisted of the mandatory "Minimum Work Program" for Phase I:

- Drill 1 A3 well
- 125.4 kms 2D seismic

Plus what the bidders chose to bid in the "Additional Work Program" for Phase I (as a means to win the bid):

- 170 kms 2D seismic

Total VMM-4 Work Program:

- Drill 1 A3 well in Phase I
- 125.4 + 170 kms = 295.4 kms 2D seismic
- Company has option to convert this 2D to 3D using an ANH standard conversion factor of 1.6x (or x 0.625)
- 295.4 kms 2D / 1.6X ANH conversion factor = **184.625 km² 3D seismic**

The partnership is to acquire, process and interpret as a minimum the seismic stipulated by the ANH in the "Minimum Program" which was 125.4 kms 2D plus the seismic offered by Golden in the "Additional Work Program" as part of their bid offer, which was 170 kms 2D for a total of 295.4 kms of 2D seismic. The ANH typically allows for a conversion of the 2D seismic to 3D seismic with an ANH standard conversion factor of 1.6X. Converting 295.4 kms 2D seismic to 3D seismic with a conversion factor of 1.6 results in 184.625 square kilometers of 3D seismic. In working out the design details of this 3D seismic survey, in large measure due to some seismic falling outside of the VMM-4 block (for proper subsurface coverage), the final 3D survey size is 206.7 km² of 3D seismic. In addition to the seismic, the partnership is obligated to drill 1 exploration well in Phase I and 1 exploration well in Phase II.

Note that Sintana is carried for the costs for the seismic program and the Phase I exploration well.

The work program is ongoing.

VMM-4 3D Seismic Program –

- September 25 to an estimated December 18, 2012

Surveying - 100% (completed)

Seismic Hole Drilling - 93.3% (completed)

Recording - crew is testing recording equipment; about to begin data acquisition

Total Program on time-basis - 69% (completion date estimated as December 18, 2012)

VMM-15 Block, Colombia (Sintana – 20% participation interest - carried)

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 Salgar in the Department of Cundinamarca; Honda in the Department of Tolima, and La Dorada; and Victoria, in the Department of Caldas.

Exploration Program

Acquire process and interpret 248 kms of 2D seismic. Drill 2 exploration wells in Phase I and 1 exploration well in Phase II. Note Sintana is carried for the 2D seismic program and two of the three exploration wells via its amalgamation with Colcan.

Progress has been made by the Operator, LOH, on preparing the EIA and PMAs in order to obtain the environmental license, and the approvals to shoot seismic and to drill wells. LOH reports that the same environmental team that made excellent progress on the VMM-4 environmental licensing work is now working on the same for VMM-15.

In addition it should be noted that a third partner has come into the VMM-15 block: Alpha Drilling & Exploration.

Eastern/Central Llanos Basin

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 Eocene/Oligocene. 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 traditionally 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.

LLA-18 Block, Colombia (Sintana – 25% participation interest - carried)

The Exploration & Production (E&P) contract for the LLA-18 Block, dated March 10, 2009, was awarded to Golden Oil Corporation by the ANH. Oil production is subject to the standard sliding scale of the ANH royalty rates plus an additional X-factor that is 7% as offered by Golden in their bid for this block. The LLA-18 Block has an area of 45,173 hectares near the municipality of Paz de Ariporo in the Department of Casanare.

- On June 17, 2010, by way of resolutions #218 from the ANH, ownership of LLA-18 was transferred from Golden Oil 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 Corporation, 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.

Exploration Program

Acquire, process and interpret 490 kms 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.

P1 Energy is currently evaluating the most economic and viable form of getting into the well locations. The first option considered was the typical road construction methods, all of which are high cost. A second option is now being considered and that includes a heli-rig approach whereby the need for roads is completely circumvented until it is clear that there are commercial discoveries.

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

Nine months ended September 30, 2012, compared with nine months ended September 30, 2011

Sintana's net loss totalled \$44,868,991 for the nine months ended September 30, 2012, with basic and diluted loss per share of \$0.21. This compares with a net loss of \$27,611,809 for the nine months ended September 30, 2011, with basic and diluted loss per share of \$0.77. The increase of \$17,257,182 in net loss was principally because:

- Exploration and evaluation expenditures increased by \$14,193,704 as business expanded and 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 \$2,911,365. General and administrative expenses totalled \$5,640,580 for the nine months ended September 30, 2012 (nine months ended September 30, 2011 - \$2,729,215) and consisted of administrative and general expenses of \$270,342 (nine months ended September 30, 2011 - \$444,079), professional fees of \$201,833 (nine months ended September 30, 2011 - \$57,995), transaction costs of \$2,371,767 (nine months ended September 30, 2011 - \$nil), reporting issuer costs of \$7,335 (nine months ended September 30, 2011 - \$23,860), travel and accommodation expenses of \$136,153 (nine months ended September 30, 2011 - \$530,755), depreciation of \$20,492 (nine months ended September 30, 2011 - \$16,769), salaries and benefits of \$1,249,054 (nine months ended September 30, 2011 - \$1,208,980), and interest (income) expense of \$45,517 (nine months ended September 30, 2011 - (\$793)).
 - Administrative and general expenses include compensation, rent, professional services and other corporate office expenses. The decrease in administrative and general expenses can be attributed to cost saving initiatives taken by management to reduce corporate overhead.

- The Company incurred an increase in professional fees of \$143,838 for the nine months ended September 30, 2012, compared to the nine months ended September 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 nine months ended September 30, 2012, compared to the nine months ended September 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 \$890,517 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 \$394,602 for the nine months ended September 30, 2012, compared to the nine months ended September 30, 2011. The decrease can be attributed to the Company's concentration on cost saving initiatives which required less travel and investor relations activities.
- The Company incurred an increase in salaries and benefits of \$40,074 for the nine months ended September 30, 2012, compared to the nine months ended September 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 was expensed to salaries and benefits (share-based payments) and as an addition to contributed surplus as the options vested. The options vested immediately. For the nine months ended September 30, 2012, the impact on expenses was \$1,115,130 and was included in salaries and benefits.
 - During the nine months ended September 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.
 - 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.

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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 nine months ended September 30, 2011, there was an increase in contributed surplus of \$1,208,980 related to share-based payments.

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 \$496,623, down from \$874,769 in the previous period, which was mostly attributed to US dollar, Peruvian Nuevo sol and Colombian peso exchange rate fluctuations.
 - The Company incurred an increase in finance interest expense of \$416,906 for the nine months ended September 30, 2012, compared to the nine months ended September 30, 2011.
 - 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.

Three months ended September 30, 2012, compared with three months ended September 30, 2011

Sintana's net loss totalled \$4,467,423 for the three months ended September 30, 2012, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$10,499,222 for the three months ended

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September 30, 2011, with basic and diluted loss per share of \$0.20. The decrease of \$6,031,799 in net loss was principally because:

- Exploration and evaluation expenditures decreased by \$6,607,079 as work decreased. 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 \$209,372. General and administrative expenses totalled \$978,814 for the three months ended September 30, 2012 (three months ended September 30, 2011 - \$769,442) and consisted of administrative and general expenses of \$55,998 (three months ended September 30, 2011 - \$109,710), consulting fees of \$nil (three months ended September 30, 2011 - \$173,511), professional fees of \$47,742 (three months ended September 30, 2011 - \$nil), reporting issuer costs of \$6,692 (three months ended September 30, 2011 - \$nil), travel and accommodation expenses of \$31,301 (three months ended September 30, 2011 - \$62,270), depreciation of \$15,338 (three months ended September 30, 2011 - \$10,424), salaries and benefits of \$832,595 (three months ended September 30, 2011 - \$479,630), and interest income of \$10,852 (three months ended September 30, 2011 - \$66,103).
 - Administrative and general expenses include compensation, rent, professional services and other corporate office expenses. The decrease in administrative and general expenses can be attributed to cost saving initiatives taken by management to reduce corporate overhead.
 - The Company incurred an increase in professional fees of \$47,742 for the three months ended September 30, 2012, compared to the three months ended September 30, 2011. The increase can be attributed to higher corporate activity requiring legal assistance.
 - The Company incurred a decrease in consulting fees of \$173,511 compared to the prior year. This is primarily due to consulting services provided by prior management of ColCan before the Business Combination was completed.
 - The Company incurred a decrease in travel and accommodation expenses of \$30,969 for the three months ended September 30, 2012, compared to the three months ended September 30, 2011. The decrease can be attributed to the Company's concentration on cost saving initiatives which required less travel and investor relations activities.
 - The Company incurred an increase in salaries and benefits of \$352,965 for the three months ended September 30, 2012, compared to the three months ended September 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 was expensed to salaries and benefits (share based payments) and as an addition to contributed surplus as the options vested. The options vested immediately. For the three months ended September 30, 2012, the impact on expenses was \$696,565 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 September 30, 2011, there was an increase in contributed surplus of \$479,630 related to share-based payments.

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 26 and 27.

- The Company incurred a foreign exchange loss of \$419,347, down from a foreign exchange gain of \$99,454 in the previous period, which was mostly attributed to US dollar, Peruvian Nuevo sol and Colombian peso exchange rate fluctuations.
- The Company incurred a decrease in finance interest expense of \$152,893 for the three months ended September 30, 2012, compared to the three months ended September 30, 2011.

Liquidity and Financial Position

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

	Budget from October 1, 2012 to September 30, 2013 (\$ millions) ⁽¹⁾
Cash inflow	
Expected funds from ExxonMobil	11.80
Cash balance at September 30, 2012 ⁽²⁾	10.70
Total cash inflow	22.50
Cash outflow	
Colombia	9.40
Peru	0.80
General and corporate expenses	2.80
Expected payments of debentures ⁽³⁾	4.30
Total cash outflow	17.30
Expected positive cash balance	5.20

(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 restricted and unrestricted funds obtained from the Business Combination. Refer to "Business Combination with ColCan Energy Corp. ("ColCan")" above.

(3) The Company's debentures in the amount of \$5,199,050 (includes interest – primarily from accretion) mature on August 1, 2013.

The Company does not have sufficient funds to meet all of 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 and exploration programs for the twelve-month period ending September 30, 2013. However, the Company might lose its oil and natural gas participation interests at some future date should circumstances arise where it can no longer comply with the terms of the agreements it has entered into.

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:

- 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);

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- 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); and
- 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.

Outlook

For the balance of 2012 and calendar 2013, 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 are conducted at normal commercial terms.

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

	Nine Months Ended September 30, 2012 \$	Nine Months Ended September 30, 2011 \$
Cash compensation ⁽¹⁾		
Shaljero Advisors Inc. ⁽ⁱ⁾	90,000	nil
Delavaco Capital Inc. ⁽ⁱⁱ⁾	140,978	155,076
Playfair Capital Inc. ⁽ⁱⁱⁱ⁾	104,109	142,494
Evans Martin LLP ^(iv)	nil	120,000
Keith D. Spickelmier - Director / Executive Chairman	43,015	nil
Douglas G. Manner - Director / Chief Executive Officer	63,104	nil
David L. Cherry - President & Chief Operating Officer	43,015	nil
Sean J. Austin - Vice President, Controller, Secretary & Treasurer	41,147	nil
Bruno Maruzzo – Director	5,000	nil

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Grant Fagerheim – Director	5,000	nil
Phil de Gruyter – Vice President Exploration & South America Manager	74,863	nil
Greg Schlatcher – Reservoir Engineering Manager	50,358	nil
Total	660,589	417,570

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

(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 (Ron MacMicken).

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

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011
Cash compensation	\$	\$
Delavaco Capital Inc. ⁽ⁱ⁾	nil	58,690
Playfair Capital Inc. ⁽ⁱⁱⁱ⁾	nil	54,821
Evans Martin LLP ^(iv)	nil	45,000
Keith D. Spickelmier - Director / Executive Chairman	43,015	nil
Douglas G. Manner - Director / Chief Executive Officer	63,104	nil
David L. Cherry - President & Chief Operating Officer	43,015	nil
Sean J. Austin - Vice President, Controller, Secretary & Treasurer	41,147	nil
Bruno Maruzzo – Director	5,000	nil
Grant Fagerheim – Director	5,000	nil
Phil de Gruyter – Vice President Exploration & South America Manager	74,863	nil

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Greg Schlachter – Reservoir Engineering Manager	50,358	nil
Total	325,502	158,511

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

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

(ii) Playfair Capital Inc. shared a common officer with ColCan (Ron MacMicken).

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

Share-based payments – Former Management	Nine Months Ended September 30, 2012 \$	Nine Months Ended September 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	145,818
Ron MacMicken, Former President, COO of ColCan	nil	170,121
John Martin, Former Director and CFO of ColCan	nil	29,164
Shaljero Advisors Inc. ^(c)	180,000	nil
Total	900,000	886,241

(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 (Ron MacMicken).

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

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Share-based payments – Former Management	Three Months Ended September 30, 2012 \$	Three Months Ended September 30, 2011 \$
Andrew DeFrancesco, Former CEO, Director of ColCan	nil	81,800
Ron MacMicken, Former President, COO of ColCan	nil	95,434
John Martin, Former Director and CFO of ColCan	nil	16,360
Total	nil	193,594

Share-based payments – New Management ⁽¹⁾	Nine Months Ended September 30, 2012 \$	Nine Months Ended September 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.

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).

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 September 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.

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- 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 September 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 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:

	(\$) ⁽¹⁾
Cash and cash equivalents	111,925
Accounts receivable and other assets	229,480
Accounts payable and other liabilities	(219,592)

(1) Converted from US\$.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a nine 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 \$12,000.

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

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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.

Subsequent events

(i) 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.

(ii) On November 20, 2012, Sintana announced the results of an independent, NI 51-101 compliant resource evaluation report (the "Report") prepared by Petrotech Engineering Ltd. ("Petrotech"). The Report titled "Evaluation Of The Interests of Sintana Energy Inc. in the VMM 37 Block in the Middle Magdalena Valley Basin Colombia" dated November 16, 2012 provides conventional and unconventional prospective resources on its 43,000 acre VMM 37 Block in Colombia.

For the conventional formation (Lisama) on the Block, in which the Company has a 100% private participation interest, Petrotech calculated a P50 best estimate effective July 31, 2012 of prospective recoverable resources of 51 million barrels of oil.

As to the unconventional zones of interest, Petrotech has assigned a P50 best estimate effective July 31, 2012 of prospective recoverable resources of 700 million barrels of oil. As recently announced, and for the purpose of the evaluation, the Company has farmed-out a 70% participation interest in the prospective unconventional resources in the Tablazo, Salada and Galembo formations to ExxonMobil who will pay 100% of the exploration costs of the first three wells to drill down to the Tablazo. These wells will likely encounter the Lisama formation (conventional – Sintana 100%) and ExxonMobil will provide the electric logs of this section for evaluation by Sintana at no cost to the Company. If hydrocarbons are encountered in the Lisama, the subsequent testing and development of this formation will be borne 100% by the Company. In addition, ExxonMobil is to pay \$45 million for Phase 2 (initial development phase) of the work program. Once first production is achieved, Sintana will pay back \$10 million from 50% of its proceeds.

The P50 best estimate before royalties for the Company's remaining 30% interest in the unconventional formations is a prospective recoverable resource of 210 million barrels of oil.

Unrisked Prospective Resources in the Lisama, Tablazo, Salada and Galembo Formations

	Conventional Oil Resources			Unconventional Oil Resources			Before Tax NPV @				
	100%	Gross	Net	100%	Gross	Net	0%	5%	10%	15%	20%
Estimate	MMbbl	MMbbl	MMbbl	MMbbl	MMbbl	MMbbl	MM\$	MM\$	MM\$	MM\$	MM\$
Low Case:											
Lisama	7.7	7.7	7	-	-	-	115.3	87.9	66.8	50.3	37.3
Tablazo	-	-	-	33.7	16.9	15.5	-538.0	-401.9	-308.9	-243.7	-196.7
Salada	-	-	-	66.9	20.1	18.4	587.0	356.2	226.1	149.3	102.0
Galembo	-	-	-	66.9	20.1	18.4	550.4	281.1	151.2	85.2	49.9
Total Low	7.7	7.7	7	167.6	57	52.3	714.8	323.2	135.1	41.1	-7.5

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Best Case:											
Lisama	50.5	50.5	45.9	-	-	-	1,861.3	1,490.8	1,211.1	996.4	828.9
Tablazo	-	-	-	121.9	36.6	33	429.4	206.3	98.4	44.2	15.9
Salada	-	-	-	289.2	86.7	77.8	3,707.1	2,076.6	1,239.0	780.6	514.8
Galembo	-	-	-	289.2	86.7	80.6	4,014.9	1,869.0	934.8	497.7	279.4
Total Best	50.5	50.5	45.9	700.2	210.1	191.4	10,012.6	5,642.8	3,483.4	2,318.8	1,638.9

High Case:											
Lisama	167.7	167.7	149.5	-	-	-	7,175.2	5,499.9	4,304.0	3,430.9	2,779.3
Tablazo	-	-	-	374.5	112.4	96.3	3,182.1	1,965.2	1,293.8	899.3	653.5
Salada	-	-	-	687.8	206.3	178	9,302.2	5,006.8	2,890.6	1,772.7	1,143.7
Galembo	-	-	-	687.8	206.3	178	9,765.2	4,327.7	2,075.5	1,065.5	579.2
Total High	167.7	167.7	149.5	1,750.20	525	452.3	29,424.6	16,799.7	10,564.0	7,168.3	5,155.6

Notes:

1) *The Lisama Formation is conventional resources and the Tablazo, Salada and Galembo Formations are considered as unconventional resources.*

2) *Each formation is assumed to receive commerciality individually.*

This evaluation uses the definition of resources and follows the guidelines from the Canadian Oil and Gas Evaluation (COGE) Handbook. From geophysical and well data available at this time, three prospects have been identified in the VMM 37 Block in the Lisama, Galembo, Salada and Tablazo Formations. The evaluation above provides the unrisks prospective resources (prospects) in the Lisama, Galembo, Salada and Tablazo Formations. The Galembo, Salada, and Tablazo resources are considered as unconventional.

Definition of Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates, assuming their discovery and development, and may be sub-classified based on project maturity. Not all exploration projects will result in discoveries. The chance that an exploration project will result in the discovery of petroleum is referred to as the "chance of discovery." Thus, for an undiscovered accumulation, the chance of commerciality is the product of two risk components - the chance of discovery and the chance of development.

Uncertainty Categories

Estimates of resources always involve uncertainty, and the degree of uncertainty can vary widely between accumulations/projects and over the life of a project. Consequently, estimates of resources should generally be quoted as a range according to the level of confidence associated with the estimates. An understanding of statistical concepts and terminology is essential to understanding the level of confidence associated with resources definitions and categories. These concepts, which apply to all categories of resources, are outlined in Sections 5.5.1 to 5.5.3 of the report.

The range of uncertainty of estimated recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. Resources should be provided as low, best and high estimates as follows:

- **Low Estimate:** This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- **Best Estimate:** This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- **High Estimate:** This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

This approach to describing uncertainty may be applied to reserves, contingent resources and prospective resources. There may be significant risk that sub-commercial and undiscovered accumulations will not achieve commercial production. However, it is useful to consider and identify the range of potentially recoverable quantities independent of such risk.

(iii) 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
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