



SINTANA
ENERGY

FS|Q2 2023

TSX-V | SEI

SINTANA ENERGY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2023

(EXPRESSED IN CANADIAN DOLLARS, UNLESS OTHERWISE STATED)

UNAUDITED

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Sintana Energy Inc. ("Sintana") have been prepared by, and are the responsibility of, management. The unaudited condensed interim consolidated financial statements have not been reviewed by Sintana's auditors.

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Sintana Energy Inc.

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

	As at June 30, 2023	As at December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,659,574	\$ 6,335,915
Accounts receivable and other assets (note 3)	266,586	53,457
Total current assets	4,926,160	6,389,372
Non-current assets		
Investment in joint venture (note 4)	12,927,253	12,921,287
Total assets	\$ 17,853,413	\$ 19,310,659
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 5 and 13)	\$ 227,649	\$ 370,283
Deferred compensation (note 13)	3,458,612	4,064,501
Asset retirement obligation	102,312	102,312
Total liabilities	3,788,573	4,537,096
Shareholders' equity	14,064,840	14,773,563
Total shareholders' equity and liabilities	\$ 17,853,413	\$ 19,310,659

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

Nature of operations and going concern (note 1)
Contingency (note 15)
Subsequent events (note 17)

Sintana Energy Inc.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating expenses				
Exploration and evaluation expenditures (note 11)	\$ 22,478	\$ 22,381	\$ 22,478	\$ 23,473
General and administrative (notes 12 and 13)	696,624	465,762	1,422,984	2,877,702
Finance interest expense	-	3,040	-	6,080
Costs related to acquisition of an interest in Inter Oil (note 4)	-	2,775	-	231,894
Foreign exchange (gain) loss	(155,605)	138,629	(55,883)	119,446
Net loss before gain of accounts payable and joint venture loss	(563,497)	(632,587)	(1,389,579)	(3,258,595)
Gain of accounts payable (note 5)	23,165	22,546	46,863	44,410
Joint venture (loss) income (note 4)	(54,514)	447	(81,374)	447
Net loss and comprehensive loss for the period	\$ (594,846)	\$ (609,594)	\$ (1,424,090)	\$ (3,213,738)
Loss per share - basic and diluted (note 10)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 10)	270,078,808	269,804,835	269,941,821	219,989,942

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

Sintana Energy Inc.

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

Six Months Ended June 30,	2023	2022
Operating activities		
Net loss for the period	\$ (1,424,090)	\$ (3,213,738)
Adjustment for:		
Accretion on convertible debentures	-	2,080
Accrued interest on convertible debentures	-	4,000
Joint venture loss (income) (note 4)	81,374	(447)
Share-based compensation (notes 8 and 9)	567,904	1,446,292
Gain of accounts payable (note 5)	(46,863)	(44,410)
Non-cash working capital items:		
Accounts receivable and other assets	(213,129)	(9,012)
Accounts payable and accrued liabilities	(95,771)	(131,350)
Deferred compensation	(605,889)	(1,682,977)
Net cash used in operating activities	(1,736,464)	(3,629,562)
Investing activities		
Investment in joint venture (note 4)	-	(5,144,700)
Addition funding in joint venture (note 4)	(87,340)	-
Net cash used in investing activities	(87,340)	(5,144,700)
Financing activities		
Proceeds from private placements (note 6)	-	14,051,731
Share issue costs (note 6)	(2,537)	(850,189)
Options exercised	-	150,000
Warrants exercised	150,000	-
Net cash provided by financing activities	147,463	13,351,542
Net change in cash and cash equivalents	(1,676,341)	4,577,280
Cash and cash equivalents, beginning of period	6,335,915	38,767
Cash and cash equivalents, end of period	\$ 4,659,574	\$ 4,616,047
Cash	\$ 1,910,405	\$ 4,616,047
Cash equivalents	2,749,169	-
Total cash and cash equivalents	\$ 4,659,574	\$ 4,616,047

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

Sintana Energy Inc.

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

	Number of common shares #	Share capital	Warrants	Contributed surplus	Conversion feature of convertible debt	Deficit	Total
Balance, December 31, 2021	135,143,297	\$ 79,160,096	\$ -	\$ 5,684,120	\$ 24,891	\$(92,240,152)	\$(7,371,045)
Private placements (note 6(b)(i)(ii))	93,678,205	14,051,731	-	-	-	-	14,051,731
Warrants issued (note 6(b)(ii))	-	(5,092,656)	5,092,656	-	-	-	-
Share issue costs (note 6(b)(ii))	-	(1,610,472)	760,283	-	-	-	(850,189)
Shares issued to acquire Inter Oil (note 4)	34,933,333	8,034,667	-	-	-	-	8,034,667
Restricted shares vested and converted to common shares (note 6(b)(iii))	4,550,000	796,250	-	(796,250)	-	-	-
Options exercised (note 8)	1,500,000	252,437	-	(102,437)	-	-	150,000
Share-based compensation - stock options (note 8)	-	-	-	650,042	-	-	650,042
Share-based compensation - restricted shares (note 9)	-	-	-	796,250	-	-	796,250
Net loss and comprehensive loss for the period	-	-	-	-	-	(3,213,738)	(3,213,738)
Balance, June 30, 2022	269,804,835	\$ 95,592,053	\$ 5,852,939	\$ 6,231,725	\$ 24,891	\$(95,453,890)	\$ 12,247,718
Balance, December 31, 2022	269,804,835	\$ 95,592,053	\$ 5,852,939	\$ 6,707,707	\$ -	\$(93,379,136)	\$ 14,773,563
Warrants exercised (note 7(i))	1,000,000	461,516	(311,516)	-	-	-	150,000
Warrants issued (note 7(i))	-	(20,969)	20,969	-	-	-	-
Share issue costs	-	(2,537)	-	-	-	-	(2,537)
Share-based compensation - stock options (note 8)	-	-	-	355,949	-	-	355,949
Share-based compensation - restricted shares (note 9)	-	-	-	211,955	-	-	211,955
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,424,090)	(1,424,090)
Balance, June 30, 2023	270,804,835	\$ 96,030,063	\$ 5,562,392	\$ 7,275,611	\$ -	\$(94,803,226)	\$ 14,064,840

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

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

1. Nature of operations and going concern

Sintana Energy Inc. ("Sintana" or the "Company") is a public Canadian oil and gas exploration company listed on the TSX Venture Exchange ("TSXV") under the symbol "SEI", and on the OTC market in the United States under the symbol "SEUSF", with offices in Toronto, Canada; and Dallas, Texas. The Company is targeting assets in Colombia's Magdalena Basin and Namibia. It's business strategy is to acquire, explore, develop and produce superior quality assets with significant hydrocarbon reserves potential. The primary office of the Company is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

Sintana is at an early stage of development and as is common with similar exploration companies, it raises financing for its property acquisition and exploration activities. Sintana has not incurred any operating income in the current and prior years. For the six months ended June 30, 2023, the Company incurred a loss of \$1,424,090 (six months ended June 30, 2022 - \$3,213,738) and had an accumulated deficit of \$94,803,226 (December 31, 2022 - \$93,379,136). Sintana had working capital of \$1,137,587 at June 30, 2023 (December 31, 2022 - working capital of \$1,852,276).

These unaudited condensed interim consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. The certainty of funding future exploration expenditures and availability of additional financing sources cannot be assured at this time. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production. These unaudited condensed interim consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements prepared in accordance with IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 28, 2023, the date the Board of Directors approved these unaudited condensed interim consolidated financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual audited consolidated financial statements as at and for the year ended December 31, 2022, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual audited consolidated financial statements for the year ending December 31, 2023 could result in restatement of these unaudited condensed interim consolidated financial statements.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

3. Accounts receivable and other assets

	As at June 30, 2023	As at December 31, 2022
Accounts receivable	\$ 28,282	\$ 10,647
Prepays and other advances	238,304	42,810
	\$ 266,586	\$ 53,457

4. Investment in joint venture

Balance, December 31, 2022	\$ 12,921,287
Additional funding in joint venture	87,340
Sintana's 49% share of Inter Oil's net income for the period ended June 30, 2023	(81,374)
Balance, June 30, 2023	\$ 12,927,253

On March 8, 2022, the Company completed the acquisition of 49% of the outstanding shares of Inter Oil (Pty) Ltd. ("Inter Oil") (the "Acquisition") from Grisham, a private company owned by Mr. Knowledge Katti. Inter Oil is a private Namibian company which indirectly holds a strategic portfolio of onshore and offshore petroleum exploration license interests ("PELs") in Namibia including (i) a 15% carried interest in PEL 87; (ii) a 10% carried interest in each of PELs 82 and 83; and (iii) a 10% carried interest in PEL 90. Inter Oil also holds a 30% interest in a subsidiary which, in turn, holds a 90% interest in onshore PEL 103.

The consideration for the Acquisition consisted of a cash payment of \$5,144,700 (US\$4,000,000) and the issuance of an aggregate of 34,933,333 common shares of the Company (issued and valued at \$8,034,667).

The following is a summary of financial information of Inter Oil presented based on the latest available information. The numbers have not been pro-rated (except for the proportionate share of net loss) for the Company's ownership interest.

As at June 30, 2023

Cash	\$ 18,530
Total current assets	34,836
Total non-current assets	1,170
Total current liabilities	305,491
Total non-current liabilities	-
Net loss	\$ (166,069)
Proportionate share of net loss	(81,374)

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding relating to general operating and administrative activities and a dormant arbitration of disputed joint venture cash calls:

	As at June 30, 2023	As at December 31, 2022
Accounts payable	\$ 47,006	\$ 128,061
Accrued liabilities	180,643	242,222
	<u>\$ 227,649</u>	<u>\$ 370,283</u>

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

	As at June 30, 2023	As at December 31, 2022
Less than 1 month	\$ 227,649	\$ 271,083
Greater than 3 months	-	99,200
	<u>\$ 227,649</u>	<u>\$ 370,283</u>

A provision related to the dispute (refer to note 15) is included in accounts payable and accrued liabilities. The Company assesses the probability each year for the likelihood of payment of the alleged liability. Management estimates that the probability of paying the alleged liability will decrease by 15% of the original accrued amount each year.

During the three and six months ended June 30, 2023, the Company recorded a gain of accounts payable of \$23,165 (US\$17,496) and \$46,863, respectively (US\$34,992) (three and six months ended June 30, 2022 - \$22,546 (US\$17,496) and \$44,410 (US\$34,992), respectively) in the unaudited condensed interim consolidated statements of loss and comprehensive loss related to the decrease in the probability of the provision being paid.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

6. Share capital

a) Authorized share capital:

At June 30, 2023, the authorized share capital consisted of an unlimited number of common shares.

The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued:

At June 30, 2023, the issued share capital amounted to \$96,030,063. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2021	135,143,297	\$ 79,160,096
Private placements (i)(ii)	93,678,205	14,051,731
Warrants issued (ii)	-	(5,092,656)
Share issued costs (ii)	-	(1,610,472)
Restricted shares vested and converted to common shares (iii)	4,550,000	796,250
Common shares issued to acquire Inter Oil (note 4)	34,933,333	8,034,667
Exercise of options	1,500,000	252,437
Balance, June 30, 2022	269,804,835	\$ 95,592,053
Balance, December 31, 2022	269,804,835	\$ 95,592,053
Warrants exercised (note 7(i))	1,000,000	461,516
Warrants issued (note 7(i))	-	(20,969)
Share issue costs	-	(2,537)
Balance, June 30, 2023	270,804,835	\$ 96,030,063

(i) On January 21, 2022, the Company closed a non-brokered private placement pursuant to which it issued an aggregate of 5,128,205 common shares at a price of \$0.15 (US\$0.117) per share to Charlestown Energy Partners, LLC to raise aggregate gross proceeds of \$769,231 (US\$600,000).

(ii) On March 8, 2022, the Company closed a public offering conducted by Echelon Capital Markets (the "Agent") as lead agent and sole bookrunner, pursuant to which it issued an aggregate of 88,550,000 units of the Company (the "Units"), at a price of \$0.15 per Unit, to raise aggregate gross proceeds of \$13,282,500. Each Unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share of the Company at an exercise price of \$0.25 until March 8, 2024, and commenced trading on the TSXV under the symbol SEI.WT at the open of trading on March 11, 2022.

A value of \$5,092,656 was estimated for the 88,550,000 warrants on the date of issuance using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 145.99% using the historical price history of the Company; risk-free interest rate of 1.46%; and an expected average life of 2 years.

The Company paid a cash commission of \$649,775 to the Agent as partial consideration for its services in connection with the public offering, paid other share issue costs of \$200,414 and issued an aggregate of 4,331,833 broker warrants to the Agent valued at \$760,283 for a total of \$1,610,472. Each broker warrant entitles the holder to acquire one unit at an exercise price of \$0.15 until March 8, 2024.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

6. Share capital (continued)

b) Common shares issued (continued):

(ii) (continued) A value of \$760,283 was estimated for the 4,331,833 broker warrants on the date of issuance using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 145.99% using the historical price history of the Company; risk-free interest rate of 1.46%; and an expected average life of 2 year.

(iii) During the six months ended June 30, 2022, 4,550,000 RSUs were granted, vested and converted to common shares with a value of \$796,250. Refer to note 9.

7. Warrants

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

	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	-	\$ -
Warrants issued (note 6(ii))	88,550,000	0.25
Broker warrants issued (note 6(ii))	4,331,833	0.15
Balance, June 30, 2022	92,881,833	\$ 0.25
Balance, December 31, 2022	92,881,833	\$ 0.25
Warrants exercised (i)	(1,000,000)	0.15
Warrants issued (i)	1,000,000	0.25
Balance, June 30, 2023	92,881,833	\$ 0.25

(i) During the six months ended June 30, 2023, 1,000,000 broker warrants were exercised for \$0.15 per broker unit. Each broker warrant entitled the holder to one common share and one warrant at a price of \$0.25. The fair value of the 1,000,000 additional warrants issued was estimated at \$20,969 using the Black-Scholes option valuation model with the following assumptions: volatility - 91%, risk-free interest rate - 4.28%, expected unit life - 0.76 year and dividend yield - nil%.

The following table reflects the actual warrants issued and outstanding as of June 30, 2023:

Expiry date	Exercise price (\$)	Warrants outstanding	Fair value
March 8, 2024	0.25	89,550,000	\$ 4,524,473
March 8, 2024 ⁽¹⁾	0.15	3,331,833	1,037,919
		92,881,833	\$ 5,562,392

⁽¹⁾ Upon exercise, each broker warrant is exercised into one common share and one purchase warrant with each purchase warrant being exercisable into one common share at \$0.25 until March 8, 2024.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

8. Stock options

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

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2021	10,225,000	\$ 0.11
Expired	(250,000)	0.10
Exercised	(1,500,000)	0.10
Granted (i)	7,750,000	0.17
Balance, June 30, 2022	16,225,000	\$ 0.14
Balance, December 31, 2022 and June 30, 2023	22,625,000	\$ 0.13

(i) On March 24, 2022, the Company granted a total of 7,750,000 stock options to several directors and officers of the Company and six consultants. The options have an exercise price of \$0.165 and expire on March 24, 2027. Vesting of the stock options is as follows: one-third on day of grant, one-third after one year and one-third after two years. 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 150.79%; risk-free interest rate of 2.27%; and an expected average life of 5 years. The options were valued at \$1,167,970.

(ii) Share-based compensation included in salaries and benefits expense includes \$133,981 and \$355,949, respectively (three and six months ended June 30, 2022 - \$152,756 and \$650,042, respectively) relating to stock options granted in previous years in accordance with their respective vesting terms, during the three and six months ended June 30, 2023.

The following table reflects the actual stock options issued and outstanding as of June 30, 2023:

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
June 4, 2023 ⁽¹⁾	\$0.100	-	450,000	450,000	-
December 18, 2023	\$0.100	0.47	3,850,000	3,850,000	-
January 30, 2025	\$0.145	1.59	2,025,000	2,025,000	-
December 18, 2025	\$0.100	2.47	2,150,000	2,150,000	-
March 24, 2027	\$0.165	3.73	7,750,000	5,166,667	2,583,333
December 16, 2032	\$0.110	9.48	6,400,000	2,133,333	4,266,667
		4.51	22,625,000	15,775,000	6,850,000

⁽¹⁾ Under the terms of the Company's Stock Option Plan, if the option expiry date falls within a black-out period, the expiry date will automatically be extended to the date which is the fifth business day following the conclusion of a self-imposed black-out period. The options scheduled to expire on June 4, 2023 have not yet expired as there has been a black-out period in effect for the Company since then.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

9. RSUs

The grant date fair value of RSUs equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense with a corresponding increase in contributed surplus. The total amount expensed is recognized over the vesting period, which is the period over which all specified vesting conditions must be satisfied before RSUs are earned and therefore convertible. RSUs are converted into common shares when vested.

During the three and six months ended June 30, 2023, nil RSUs (three and six months ended June 30, 2022 - nil and 4,550,000, respectively) were granted, vested and converted to common shares with a value of \$nil (three and six months ended June 30, 2022 - \$nil and \$796,250, respectively).

The compensation portion of RSUs granted in the current and prior years and vested during the three and six months ended June 30, 2023, amounted to \$106,563 and \$211,955, respectively (three and six months ended June 30, 2022 - \$nil and \$796,250, respectively).

As of June 30, 2023, there were 3,900,000 RSUs outstanding (December 31, 2022 - 3,900,000 RSUs).

10. Net loss per share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2023 was based on the loss attributable to common shareholders of \$594,846 and \$1,424,090, respectively (three and six months ended June 30, 2022 - loss of \$609,594 and \$3,213,738, respectively) and the weighted average number of common shares outstanding of 270,078,808 and 269,941,821, respectively (three and six months ended June 30, 2022 - 269,804,835 and 219,989,942, respectively). Diluted loss per share did not include the effect of options, warrants, RSUs and convertible debentures for the three and six months ended June 30, 2023 and 2022 as they were anti-dilutive or not in the money.

11. Exploration and evaluation expenditures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Magdalena Basin, Colombia				
Administrative and general	\$ 18,181	\$ 17,432	\$ 18,181	\$ 18,524
Professional fees	4,297	4,949	4,297	4,949
	\$ 22,478	\$ 22,381	\$ 22,478	\$ 23,473

On April 18, 2023, the Company announced that ExxonMobil Exploration Colombia Limited's ("ExxonMobil") sent Patriot Energy Services LLC Corp. a notice stating that, based on the terms of the ExxonMobil Agreement, it had decided to withdraw from the ExxonMobil Agreement as of May 31, 2023. The notice also states that ExxonMobil will withdraw from the Platero Comprehensive Research Pilot Project ("CEPI") with the Agencia Nacional de Hidrocarburos of Colombia effective after obtaining required government approvals. Both the ExxonMobil Agreement and Platero CEPI pertain to VMM-37. The Company fully reserves its rights under the contracts governing VMM-37 and applicable laws and regulations.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

12. General and administrative

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Salaries and benefits (notes 8, 9 and 13)	\$ 434,278	\$ 310,482	\$ 988,597	\$ 2,472,465
Professional fees (note 13)	206,758	69,434	265,755	246,432
Reporting issuer costs	(11,639)	732	47,395	35,968
Administrative and general	28,468	18,391	45,186	56,114
Travel expenses	27,945	-	35,787	-
Investor relations	79,186	66,723	162,215	66,723
Interest and other income	(68,372)	-	(121,951)	-
	\$ 696,624	\$ 465,762	\$ 1,422,984	\$ 2,877,702

13. Related party transactions and balances

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The below noted transactions occurred in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Salaries and benefits ⁽¹⁾⁽³⁾	\$ 176,912	\$ 143,347	\$ 355,930	\$ 913,549
Share-based compensation ⁽²⁾	\$ 221,051	\$ 132,660	\$ 469,034	\$ 1,361,843

(1) Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$3,458,612 are included in deferred compensation as at June 30, 2023 (December 31, 2022 - \$4,064,501) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 13(a)⁽³⁾).

(2) Share-based compensation is recorded in salaries and benefits under general and administrative.

(3) Effective as of July 31, 2016, the employment by the Company of Lee A. Pettigrew, former Vice President - Canadian Operations, ceased. Pursuant to his employment agreement, Mr. Pettigrew was entitled to 12 months base salary as a retiring allowance plus accumulated deferred compensation. As at June 30, 2023, he was owed \$139,794 (US\$105,584) (December 31, 2022 - \$143,003 (US\$105,584)) and this amount is reported as deferred compensation.

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

During the three and six months ended June 30, 2023, the Company paid professional fees and disbursements totaling \$28,422 and \$45,787, respectively (three and six months ended June 30, 2022 - \$16,422 and \$37,395, respectively) to Marrelli Support Services Inc., and certain of its affiliates, together known as the "Marrelli Group", for: (i) Carmelo Marrelli, beneficial owner of the Marrelli Group, to act as the CFO of the Company, (ii) regulatory filing services, and (iii) press release services. The Marrelli Group was owed \$5,834 (December 31, 2022 - \$17,597) and these amounts were included in accounts payable and accrued liabilities.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

14. Segmented information

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

June 30, 2023	Canada	United States	Colombia	Total
Cash and cash equivalents	\$ 4,546,818	\$ 103,498	\$ 9,258	\$ 4,659,574
Accounts receivable and other assets	266,586	-	-	266,586
Investment in joint venture	12,927,253	-	-	12,927,253
Total assets	\$ 17,740,657	\$ 103,498	\$ 9,258	\$ 17,853,413
Accounts payable and accrued liabilities	\$ 203,693	\$ 19,521	\$ 4,435	\$ 227,649
Deferred compensation	139,794	3,318,818	-	3,458,612
Asset retirement obligation	102,312	-	-	102,312
Total liabilities	\$ 445,799	\$ 3,338,339	\$ 4,435	\$ 3,788,573

Six Months Ended June 30, 2023	Canada	United States	Colombia	Total
Exploration and evaluation expenditures	\$ -	\$ -	\$ 22,478	\$ 22,478
General and administrative	925,762	497,222	-	1,422,984
Foreign exchange loss (gain)	87,703	(144,759)	1,173	(55,883)
Gain of accounts payable	(46,863)	-	-	(46,863)
Joint venture loss	81,374	-	-	81,374
Net loss and comprehensive loss	\$ 1,047,976	\$ 352,463	\$ 23,651	\$ 1,424,090

December 31, 2022	Canada	United States	Colombia	Total
Cash and cash equivalents	\$ 6,229,867	\$ 100,587	\$ 5,461	\$ 6,335,915
Accounts receivable and other assets	53,457	-	-	53,457
Investment in joint venture	12,921,287	-	-	12,921,287
Total assets	\$ 19,204,611	\$ 100,587	\$ 5,461	\$ 19,310,659
Accounts payable and accrued liabilities	\$ 364,528	\$ 1,218	\$ 4,537	\$ 370,283
Deferred compensation	139,909	3,924,592	-	4,064,501
Asset retirement obligation	102,312	-	-	102,312
Total liabilities	\$ 606,749	\$ 3,925,810	\$ 4,537	\$ 4,537,096

Six Months Ended June 30, 2022	Canada	United States	Colombia	Total
Exploration and evaluation expenditures	\$ -	\$ -	\$ 23,473	\$ 23,473
General and administrative	2,127,048	750,654	-	2,877,702
Finance interest expense	6,080	-	-	6,080
Costs related to acquisition of Inter Oil	231,894	-	-	231,894
Foreign exchange loss (gain)	53,074	67,739	(1,367)	119,446
Gain of accounts payable	(44,410)	-	-	(44,410)
Joint venture income	(447)	-	-	(447)
Net loss and comprehensive loss	\$ 2,373,239	\$ 818,393	\$ 22,106	\$ 3,213,738

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

15. Contingency

Farmout Agreement Arbitration

On March 20, 2015, the Operator advised the Company that it had exercised its right to terminate the Farmout Agreement for each of two Middle Magdalena Valley Blocks in Colombia. The Company concurred in writing that the Farmout Agreements had terminated. The Operator also contended that it had the right to recover certain historical costs with which the Company disagrees. Management is currently evaluating this matter and, together with legal counsel and other experts, assessing its potential options and alternatives with respect to these costs. Refer to note 5.

16. Comparative figures

Certain comparative figures have been reclassified in order to conform to the current period presentation.

17. Subsequent events

(i) Subsequent to period end, 3,331,833 broker warrants with an exercise price of \$0.15 and expiry date of March 8, 2024 and 1,622,500 purchase warrants with an exercise price of \$0.25 were exercised for gross proceeds of \$905,400.

(ii) On July 20, 2023, the Company announced that its subsidiaries, Patriot Energy Oil and Gas Inc. and Patriot Energy Sucursal Colombia (collectively "Patriot") had filed an Arbitration Claim against ExxonMobil. Causes of Action include Breach / Repudiation of the terms of the Farmout Agreement, Joint Operating Agreement and License Contract associated with the 43,158 acres property known as the VMM-37 block which is located in Colombia's Middle Magdalena Valley Basin.

CORPORATE INFORMATION

DIRECTORS

Keith Spickelmier, Executive Chairman
Douglas Manner, CEO & Director
Robert Bose, President & Director
Bruno Maruzzo, Independent Director
Dean Gendron, Independent Director
Knowledge Katti, Independent Director

OFFICERS

Douglas Manner, Chief Executive Officer
Robert Bose, President
David Cherry, Chief Operating Officer
Carmelo Marrelli, Chief Financial Officer
Sean Austin, VP, Controller, Secretary & Treasurer

AUDIT COMMITTEE

Bruno Maruzzo, Independent Director (Chair)
Dean Gendron, Independent Director
Robert Bose, Director

UNITED STATES

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Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Toronto, Ontario

LEGAL COUNSEL

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Toronto, Ontario

LISTING

Exchange: TSX Venture
Trading Symbol: SEI
Cusip Number: 82938H
Fiscal Year End: Dec 31

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