



**SINTANA**  
ENERGY

MD&A|Q1 2019

SEI|TSX-V

**SINTANA ENERGY INC.**

**INTERIM MANAGEMENT'S DISCUSSION AND  
ANALYSIS – QUARTERLY HIGHLIGHTS**

**THREE MONTHS ENDED MARCH 31, 2019**

*(EXPRESSED IN CANADIAN DOLLARS, UNLESS OTHERWISE STATED)*

Exploring a better way™

*A Colombia Focused Exploration Company*

## **Introduction**

The following interim Management's Discussion & Analysis ("Interim MD&A") of Sintana Energy Inc. ("Sintana" or the "Company") for the three months ended March 31, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2018. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2018, and December 31, 2017, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34 - Interim Financial Reporting. Accordingly, information contained herein is presented as of May 29, 2019, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considered 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; and / or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluated materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Company and its operations can be obtained from the offices of the Company or on the System for Electronic Documents Analysis and Retrieval ("SEDAR") and is available for review under the Company's profile on the SEDAR website ([www.sedar.com](http://www.sedar.com)).

## **Description of Business**

Sintana is a Canadian crude oil and natural gas ("hydrocarbons") exploration and development company listed on the TSX Venture Exchange. Its trading symbol changed from SNN to SEI effective as of the market open on August 10, 2015, subsequent to the business combination with Sintana Holdings Corp. Sintana is primarily engaged in hydrocarbons exploration and development activities in Colombia. The Company's exploration strategy is to acquire, explore, develop and produce superior quality assets with significant reserves potential. Its primary assets are private participation interests of 30% unconventional (carried) and 100% conventional in the potential hydrocarbon resources of the 43,158 acres Valle Medio Magdalena 37 ("VMM-37") Block.

On November 12, 2012, Sintana announced that a wholly-owned Panama subsidiary of the Company, Patriot Energy Oil and Gas Inc. and its Colombian branch Patriot Energy Sucursal Colombia (both entities hereinafter referred to as "Patriot"), had entered into a Farmout Agreement (the "Exxon Agreement") with ExxonMobil Exploration Colombia Limited and ExxonMobil Exploration Colombia Limited Sucursal Colombia (both entities hereinafter referred to as "Exxon") for the exploration and development of unconventional hydrocarbons resources underlying the VMM-37 Block. In April 2013, the Agencia Nacional de Hidrocarburos ("ANH") approved the acquisition by Exxon of an undivided 70% private

**Sintana Energy Inc.**  
**Interim Management’s Discussion & Analysis – Quarterly Highlights**  
**Three Months Ended March 31, 2019**  
**Discussion dated: May 29, 2019**

participation interest and operatorship in the formations defined as unconventional by completing the contractually required work program specified in the License Contract for the VMM-37 Block. Patriot retains the remaining 30% interest in the unconventional play as well as a 100% interest in the conventional resources overlying the top of the unconventional interval.

**Cautionary Note Regarding Forward-Looking Information**

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

<b>Forward-looking statements</b>	<b>Assumptions</b>	<b>Risk factors</b>
The Company will be able to remain a going concern and continue its business activities	The Company has anticipated all material costs; the operating and exploration activities of the Company for the nine-month period ending December 31, 2019, and the costs associated therewith, will be consistent with the Company’s current expectations regarding costs and timing	Unforeseen costs to the Company will arise; any particular operating cost increase or decrease from the date of estimate; changes in operating and exploration activities; changes in economic conditions; timing of expenditures
The Company’s need to raise capital in order to meet its working capital needs. See “Liquidity and Financial Position” under the subheading “Financial Highlights” below	The exploration and operating activities of the Company on a going forward basis, and the costs associated therewith, will be consistent with Sintana’s current expectations; debt and equity markets; exchange and interest rates and other applicable economic conditions will be favourable to Sintana; availability of financing	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; changes in operating and exploration activities; interest and exchange rates fluctuations; changes in economic conditions, planned operations and associated costs
The potential of Sintana’s participation interests to contain petroleum and natural gas reserves. See “Petroleum and Natural Gas Update” under the subheading “Operational Highlights” below	Financing will be available for future exploration and development of Sintana’s private participation interests; the actual results of Sintana’s exploration and development activities will be favourable; operating, exploration, development and production costs will not exceed Sintana’s expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations	Petroleum and natural gas market prices volatility; uncertainties involved in interpreting geological and geophysical data and Sintana’s expectations regarding the conventional and unconventional plays and uncertainties in confirming valid private participation interests; the possibility that future exploration results will not be consistent with Sintana’s expectations; availability of

**Sintana Energy Inc.**  
**Interim Management’s Discussion & Analysis – Quarterly Highlights**  
**Three Months Ended March 31, 2019**  
**Discussion dated: May 29, 2019**

	will be received on a timely basis upon terms acceptable to Sintana; applicable political and economic conditions will be favourable to Sintana; the market prices for petroleum and natural gas and applicable interest and exchange rates will be favourable to Sintana; no legal disputes exist or arise with respect to the Company’s private participation interests; Sintana’s expectations regarding the potential of conventional and unconventional plays	financing for and actual results of Sintana’s exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest and exchange rates fluctuations; changes in economic and political conditions; the Company’s ability to retain and attract skilled staff and obtain all required permits in a timely manner on acceptable terms
Management’s outlook regarding future trends. See “Trends”	Financing will be available for Sintana’s exploration and operating activities; the market prices for petroleum and natural gas will be favourable to Sintana; economic and political conditions will be favorable	Petroleum and natural gas market prices volatility; changes in debt and equity markets; interest and exchange rates fluctuations; changes in economic and political conditions; availability of financing
Work programs and related timing and budgets relating to the exploration and development of the VMM-37 Block. See “Petroleum and Natural Gas Update” under the subheading “Operational Highlights” below	Exxon will continue to proceed with the project and will not exercise its rights of withdrawal pursuant to the Exxon Agreement; the market prices of petroleum and natural gas will be favourable; all requisite permits, equipment, materials, supplies, services, access and personnel will be obtained in a timely manner upon acceptable terms; proposed exploration and development activities and the costs associated therewith will occur as currently anticipated; actual results of exploration are positive; financing will be available to Sintana upon acceptable terms; political, contractual, regulatory and economic considerations will remain favourable	Exxon exercises its withdrawal rights pursuant to the Exxon Agreement; petroleum and natural gas market prices volatility; changes in debt and equity markets; increases in costs; interest rates and exchange rates fluctuations; changes in economic, contractual, regulatory and political conditions; availability of permits, equipment, materials, supplies, services, access, personnel and financing; proposed exploration and development activities will not occur as currently anticipated; actual results of exploration are inconsistent with Sintana’s expectations
The currently dormant (3 years) arbitration proceeding, if ever reopened, will not result in an adverse ruling and significant additional costs	The currently dormant arbitration proceeding will not be reopened and if it is the outcome will not result in a significant award of damages	The now dormant arbitration is reopened and results in significant additional costs

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Sintana's ability to predict or control. Additional risk factors are described in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of any and all relevant factors and / or assumptions that could affect forward-looking statements, and that assumptions underlying such statements might prove to be incorrect. Actual results and developments are likely to materially differ from those expressed or implied by forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause Sintana’s actual results, performance and / or achievements to be materially different from any of its projected results, performance and / or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly,

readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law and / or regulation. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Certain information contained herein is considered “analogous information” as defined in National Instrument 51-101 (“NI 51-101”). Such analogous information has not been prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook. In particular, this document may note specific analogous oil discoveries and corresponding details of said discoveries in the area of the Company’s private participation interests and makes certain assumptions about such interests as a result of such analogous information and potential recovery rates as a result thereof. Such information is based on public data and information obtained from the public disclosure of other parties who are active in the area, and the Company has no way of verifying the accuracy of such information and cannot determine whether the source of the information is independent. Such information, when presented, is intended to help demonstrate that hydrocarbons could be present in commercially recoverable quantities in the VMM-37 Block. There is no certainty that such results will be achieved by the Company and such information should not be construed as estimates of future reserves or resources or future production levels of Sintana.

### **Trends**

The Company is focused on acquisition, exploration, development, production and / or sales of hydrocarbon resources.

There are significant uncertainties regarding the market prices for hydrocarbons and the availability of equity and / or other financing for the purposes of acquisition, exploration, development, production and / or sales activities. The future performance of the Company is largely tied to the successful, exploration, development and production of the VMM-37 Block; associated regulatory actions, including approval of permits and work programs to drill, stimulate and produce wells, associated sales of hydrocarbons and overall financial markets. Financial and commodities markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy and global growth prospects. Uncertainties in financial and commodities markets and delays in regulatory actions have also led to increased difficulties in borrowing and raising funds. Energy companies worldwide have been materially and adversely affected by these trends. As a result, the Company might have difficulties raising equity and / or other capital without excessively diluting the interests of existing shareholders. These trends may limit the ability of the Company to further explore and / or develop hydrocarbon resources discovered on the VMM-37 Block.

The volatility of financial and commodities markets is a significant risk for the Company and the industry. As a result, investors might divest assets perceived as higher risk in comparison to other investments. Companies similar to Sintana are considered substantially above average risk investments and are highly speculative. The volatility of markets, and investor sentiment, could make it difficult for Sintana to access capital markets in order to raise the capital it will need to fund future expenditures. See also “Risk Factors”.

### **Operational Highlights**

On February 11, 2019, the Company approved grants of a total of 800,000 restricted share units ("RSUs") to four officers of the Company. The RSUs vest in two equal tranches over the next 12 months and expire on December 31, 2021.

**Petroleum and Natural Gas Update**

*Statistical Summary for Sintana’s assets in Colombia’s Magdalena Basin:*

<b>Asset Summary</b>			
<b>Basin / Block</b>	<b>Operator</b>	<b>Gross Acres ('000)</b>	<b>Private Participation Interest</b>
<b><u>Middle Magdalena</u></b>			
VMM-37 Unconventional	Exxon	43	30%
VMM-37 Conventional	Sintana	n/a	100%
<b>Total Magdalena Basin, Colombia</b>		<b>43</b>	

**VMM-37 Block (Sintana: Conventional – 100% private participation interest; Unconventional – 30% private participation interest - carried)**

In March 2011, 100% of the License Contract covering the 43,158 acres VMM-37 Block in Colombia was awarded to Patriot, a wholly-owned branch of Sintana.

In November 2012, Patriot executed the Exxon Agreement whereby Exxon acquired contractual rights to an undivided 70% private participation interest and operatorship in the unconventional formations of the VMM-37 Block, subject to completion of a defined Work Program. For purposes of the Exxon Agreement, unconventional formations are defined as the La Luna and deeper. Patriot retained the remaining 30% private participation interest in the unconventional play as well as a 100% private participation interest in the conventional resources overlying the top of the unconventional interval.

In April 2013, the Agencia Nacional de Hidrocarburos (“ANH”) approved the acquisition by Exxon of the undivided 70% private participation interest and operatorship in the formations defined as unconventional effective as of when Exxon completes the Work Program as specified in the License Contract for the VMM-37 Block. Four months later, the ANH approved an amendment to the License Contract which revised the Work Program for the VMM-37 Block to include the hydraulic stimulation (“frack” or “fracking”) and production testing of the initial vertical exploration well, drilled to a minimum depth of 14,000 feet (the “Manati Blanco-1” or “Blanco -1”). Also now required is the drilling of a second vertical well to a depth of at least 14,000 feet plus the drilling of a lateral side track of the second well to a length of at least 4,000 feet with fracking and production testing of the horizontal segment. The horizontal segment replaced a previously required third vertical well.

Drilling operations for the Manati Blanco-1 vertical well were successfully completed and the rig was released on September 19, 2015 after having reached a measured depth of 14,345 feet. Primary targets for the Blanco-1 well were the Cretaceous age La Luna and Tablazo/Paja tight oil formations. The well drilled through a gross total of approximately 2,600 feet in the La Luna and approximately 500 feet in the Tablazo/Paja. The next major activity in the Work Program is to frack selected prospective zones encountered during drilling operations.

In 2017, the ANH published a regulatory document, AGREEMENT No. 02 OF 2017, which describes in significant detail the legal requirements governing License Contracts and Contractors (joint venture partners holding interests in a License Contract) to conduct exploration, including fracking, development

and production operations in unconventional formations. To date, no environmental permits to do so have been approved.

Also in 2017, executives of Ecopetrol, Colombia's national oil company (~85% government ownership), began speaking publically about the significant decline in conventional oil production from a peak of more than one million barrels of oil per day (BOPD) in January, 2015 to a current average of approximately 860 thousand BOPD. At this rate of production, Colombia's current reserve life index is less than six years. Industry and government officials have, with increasing frequency and detail, raised the point that the only way to reverse this decline, and its associated negative impacts on employment, government revenues, energy security and other strategic and political goals, is to initiate exploration activities in unconventional formations. Ultimately recoverable unconventional oil resources in the Middle Magdalena Valley Basin are estimated to be in the range of 2 to 7 billion barrels. Remaining conventional oil reserves in all of Colombia are estimated to be approximately 1.7 billion barrels.

In October 2018, a Commission of Experts (academics from a number of disciplines) was appointed to review various potential aspects and outcomes of proceeding with fracking operations in unconventional formations. In its published report, the Commission recommended that three tightly controlled pilot projects be approved. Ecopetrol must hold participation interests in each pilot and must be the designated operator.

As summarized in its most recent Investor Presentation (available on its website), Ecopetrol expects to invest up to US \$0.5 billion and participate in more than 20 wells in the pilots over the next three years.

Major Pilot Project Phases for 2019-2021:

- Select pilot blocks.
- Complete initial community socialization activities: establish ongoing programs.
- Design pilots; develop monitoring routines; implement reporting requirements.
- Obtain environmental permits.
- Execute exploration, stimulation and production test programs (>20 wells).

As of the date of this Interim MD&A, no pilots have been announced nor have timelines to initiate the activities summarized above been issued.

### **Technical Information**

Douglas Manner, Chief Executive Officer of Sintana, has reviewed and verified the technical content of the information contained in this Interim MD&A.

### **Related Party Transactions**

Related parties include 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.

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 in strict adherence to conflict of interest laws and regulations.

**Sintana Energy Inc.**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**Three Months Ended March 31, 2019**  
**Discussion dated: May 29, 2019**

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

<b>Salaries and Benefits <sup>(1)</sup> (Includes deferred)</b>	<b>Three Months Ended March 31, 2019 \$</b>	<b>Three Months Ended March 31, 2018 \$</b>
<b>Deferred salaries and benefits</b>		
Keith D. Spickelmier - Director / Executive Chairman	66,475	63,235
Douglas G. Manner - Director / Chief Executive Officer	66,475	63,235
David L. Cherry - President & Chief Operating Officer	66,475	63,235
Sean J. Austin - Vice President, Controller, Corporate Secretary & Treasurer	59,828	56,912
Bruno C. Maruzzo – Director	5,000	5,000
Dean Gendron - Director	5,000	nil
Robert Bose – Director	5,000	nil
<b>Total deferred salaries and benefits</b>	<b>274,253</b>	<b>251,617</b>
<b>Total</b>	<b>274,253</b>	<b>251,617</b>

<sup>(1)</sup> Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$3,977,028 are included in deferred compensation as at March 31, 2019 (December 31, 2018 - \$3,777,189) and include the retiring allowance payable to Lee A. Pettigrew.

<sup>(2)</sup> Effective as of July 31, 2016, the employment by the Company of Lee A. Pettigrew, Vice President - Canadian Operations, ceased. Pursuant to his employment agreement, Mr. Pettigrew is entitled to 12 months base salary (US\$200,000 (\$267,260)) as a retiring allowance. This amount is included as deferred compensation.

**Sintana Energy Inc.**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**Three Months Ended March 31, 2019**  
**Discussion dated: May 29, 2019**

<b>Share-based expense (Stock options and RSUs)</b>	<b>Three Months Ended March 31, 2019 \$</b>	<b>Three Months Ended March 31, 2018 \$</b>
Keith D. Spickelmier - Director / Executive Chairman	15,038	1,029
Douglas G. Manner - Director / Chief Executive Officer	15,038	1,029
David L. Cherry - President & Chief Operating Officer	15,038	1,029
Sean J. Austin - Vice President, Controller, Corporate Secretary & Treasurer	15,038	1,029
Bruno C. Maruzzo – Director	2,423	514
Dean Gendron - Director	1,815	nil
Robert Bose – Director	1,820	nil
Carmelo Marrelli, Chief Financial Officer	606	128
<b>Total</b>	<b>66,816</b>	<b>4,758</b>

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

For the three months ended March 31, 2019, the Company paid professional fees and disbursements of \$16,163 (three months ended March 31, 2018 - \$15,743) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Carmelo Marrelli is the Chief Financial Officer of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. An amount of \$15,444 is included in accounts payable and other liabilities as at March 31, 2019 (December 31, 2018 - \$9,458).

For the three months ended March 31, 2019, the Company paid professional fees and disbursements of \$798 (three months ended March 31, 2018 - \$2,381) to DSA Corporate Services Inc. ("DSA"), an organization which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at March 31, 2019, DSA was owed \$1,705 (December 31, 2018 - \$2,246) and this amount is included in accounts payable and other liabilities.

### **Financial Highlights**

Sintana's net loss totalled \$372,221 for the three months ended March 31, 2019, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$426,315 for the three months ended March 31, 2018, with basic and diluted loss per share of \$0.00. The decrease of \$54,094 in net loss was principally due to:

- Exploration and evaluation expenditures decreased to \$17,664 for the three months ended March 31, 2019 compared to \$25,900 for the comparative period. See "Petroleum and Natural Gas Update", under the subheading "Operational Highlights", above for a description of current exploration activities.
- General and administrative expenses increased by \$112,047. General and administrative expenses totalled \$431,282 for the three months ended March 31, 2019 (three months ended March 31, 2018 - \$319,235) and consisted of administrative and general expenses of \$15,574 (three months ended March 31, 2018 - \$13,973), professional fees of \$57,455 (three months ended March 31, 2018 - \$35,766), reporting issuer costs of \$7,307 (three months ended March 31, 2018 - \$7,054), travel expenses of \$nil (three months ended March 31, 2018 - \$nil), salaries and benefits of \$350,946 (three months ended March 31, 2018 - \$262,367) and interest and other income of \$nil (three months ended March 31, 2018 - \$77).
  - The Company incurred an increase in salaries and benefits of \$88,579 for the three months ended March 31, 2019, compared to the three months ended March 31, 2018. The increase can be attributed to the vesting over time of options and RSUs granted.
  - The Company incurred an increase in professional fees of \$21,689 for the three months ended March 31, 2019, compared to the three months ended March 31, 2018. The increase can be attributed to higher corporate activity requiring consulting assistance during the three months ended March 31, 2019 compared to the three months ended March 31, 2018.
- The Company incurred a foreign exchange gain of \$82,788 up from a loss of \$81,180 in the previous period, which was primarily attributable to US dollar and Colombian peso exchange rate fluctuations.
- Finance interest expense was \$20,092 for the three months ended March 31, 2019 compared to \$nil for the three months ended March 31, 2018. The increase is due to interest and accretion expenses on the convertible debentures issued on July 24, 2018.
- Write-down of accounts payable increased to \$14,029 for the three months ended March 31, 2019 compared to \$nil for the three months ended March 31, 2018. The increase is due to management's reassessment of certain previously recorded liabilities.

As at March 31, 2019, the Company had assets of \$446,149 and a net shareholders' deficiency position of \$4,721,064. This compares with assets of \$560,532 and a net shareholders' deficiency position of \$4,415,659 at December 31, 2018. At March 31, 2019, the Company had \$4,750,918 of current liabilities (December 31, 2018 - \$4,579,988) and \$416,295 of non-current liabilities (December 31, 2018 - \$396,203). For the three months ended March 31, 2019, the Company expensed \$17,664 (three months ended March 31, 2018 - \$25,900) as exploration and evaluation expenditures on its hydrocarbon ownership interests.

**Sintana Energy Inc.**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**Three Months Ended March 31, 2019**  
**Discussion dated: May 29, 2019**

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At March 31, 2019, the Company had a working capital deficiency of \$4,304,769 (December 31, 2018 – working capital deficiency of \$4,019,456). The Company had cash and cash equivalents of \$421,858 at March 31, 2019 (December 31, 2018 - \$517,379). The increase in working capital deficiency of \$285,313 from December 31, 2018 to March 31, 2019, is primarily due to deferred compensation.

### **Cash Flow**

At March 31, 2019, the Company had cash and cash equivalents of \$421,858. The decrease in cash and cash equivalents of \$95,521 from the December 31, 2018 cash and cash equivalents balance of \$517,379 was a result of net cash outflows for operating activities of \$95,521. Operating activities were mainly affected by a net loss of \$372,221, share-based compensation of \$66,816, accretion on convertible debentures of \$6,765, accrued interest on convertible debentures of \$13,327, write-down of accounts payable of \$14,029 and net change in non-cash working capital balances of \$203,821 due to a decrease in accounts receivable and other assets of \$18,862, a decrease in accounts payable and other liabilities of \$14,880 and an increase of \$199,839 in deferred compensation.

### **Liquidity and Financial Position**

The Company derives no income from operations, has continuing operating losses and limited working capital. Accordingly, the activities of the Company have been financed by cash raised through private placements of securities, convertible debentures and sales of non-core assets. As the Company does not expect to generate positive cash flows from operations in the near future, it will continue to rely primarily upon the sale of securities to raise capital.

At the date of this Interim MD&A, the Company estimates that it has sufficient cash on hand to remain a going concern for the remainder of fiscal 2019. However, it will need to secure additional financing to carry on business activities in 2020 and thereafter unless it commences producing hydrocarbons in sufficient quantities to meet the Company's ongoing need for additional working capital. The major variables are expected to be the size, timing and results of the Company's compliance requirements and its ability to continue to access capital to fund its ongoing activities. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. See "Risk Factors" below. In addition, the Company will defer payment of certain liabilities, primarily compensation, until it is in a financial position to discontinue this practice.

It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Company. For these reasons, management considers it to be in the best interests of the Company and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed, or for other purposes, as needs arise. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Information".

Changes in capital markets, including a decline in the market prices for crude hydrocarbons, could materially and adversely impact Sintana's ability to continue as a going concern.

## **Outlook**

The Company routinely evaluates various business development opportunities.

## **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 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.

## **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these 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 Annual MD&A for the fiscal year ended December 31, 2018, available on SEDAR at [www.sedar.com](http://www.sedar.com).

# CORPORATE INFORMATION

## DIRECTORS

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

## OFFICERS

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

## AUDIT COMMITTEE

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

## UNITED STATES

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## LISTING

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

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