



SINTANA ENERGY INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2017
(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.

Sintana Energy Inc.

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

	As at June 30, 2017	As at December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 392,606	\$ 387,576
Accounts receivable and other assets (note 4)	39,764	84,144
Deposits	8,951	9,261
Total assets	\$ 441,321	\$ 480,981
DEFICIT AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 5 and 12)	\$ 2,608,993	\$ 2,502,694
Asset retirement obligation (note 10(ii))	102,312	102,312
Total liabilities	2,711,305	2,605,006
Deficit	(2,269,984)	(2,124,025)
Total deficit and liabilities	\$ 441,321	\$ 480,981

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 14)
Subsequent event (note 15)

Sintana Energy Inc.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Operating expenses				
Exploration and evaluation expenditures (note 10)	\$ (214,658)	\$ (651,802)	\$ (190,004)	\$ (572,528)
General and administrative (notes 11 and 12)	110,712	576,886	522,924	1,356,004
Foreign exchange (gain) loss	(39,814)	2,070	(49,171)	(40,685)
Net income (loss) before gain on settlement of debt and write-off of accounts payable	143,760	72,846	(283,749)	(742,791)
Gain on settlement of debt (note 6(b)(i))	-	-	-	32,500
Write-off of accounts payable (note 5)	61,807	-	61,807	-
Net income (loss) and comprehensive income (loss) for the period	\$ 205,567	\$ 72,846	\$ (221,942)	\$ (710,291)
Income (loss) per share - basic and diluted (note 9)	\$ 0.00	\$ 0.00	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 9)	117,227,824	117,227,824	117,227,824	117,173,410

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,	
	2017	2016
Operating activities		
Net loss for the period	\$ (221,942)	\$ (710,291)
Adjustment for:		
Share-based compensation (note 8(i))	75,983	191,406
Gain on settlement of debt (note 6(b)(i))	-	(32,500)
Write-off of accounts payable (note 5)	61,807	-
Reversal of well abandonment and site cleanup (note 10(ii))	-	(827,814)
Non-cash working capital items:		
Accounts receivable and other assets	44,380	181,414
Deposits	310	4,924
Accounts payable and other liabilities	44,492	(70,431)
Net cash provided by (used in) operating activities	5,030	(1,263,292)
Net change in cash and cash equivalents	5,030	(1,263,292)
Cash and cash equivalents, beginning of period	387,576	2,147,770
Cash and cash equivalents, end of period	\$ 392,606	\$ 884,478
Non-cash transactions		
Issuance of shares as settlement of debt (note 6(b)(i))	\$ -	\$ 32,500

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 Deficit
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

	Number of common shares #	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance, December 31, 2015	116,866,714	\$ 77,611,957	\$ 244,527	\$ 4,344,276	\$(82,362,359)	\$ (161,599)
Shares issued as settlement of debt (note 6(b)(i))	361,110	32,500	-	-	-	32,500
Warrants expired	-	-	(244,527)	-	244,527	-
Share-based compensation (note 8(i))	-	-	-	191,406	-	191,406
Net loss and comprehensive loss for the period	-	-	-	-	(710,291)	(710,291)
Balance, June 30, 2016	117,227,824	\$ 77,644,457	\$ -	\$ 4,535,682	\$(82,828,123)	\$ (647,984)
Balance, December 31, 2016	117,227,824	\$ 77,644,457	\$ 244,527	\$ 4,721,612	\$(84,734,621)	\$ (2,124,025)
Share-based compensation (note 8(i))	-	-	-	75,983	-	75,983
Net loss and comprehensive loss for the period	-	-	-	-	(221,942)	(221,942)
Balance, June 30, 2017	117,227,824	\$ 77,644,457	\$ 244,527	\$ 4,797,595	\$(84,956,563)	\$ (2,269,984)

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, 2017

(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, with offices in Toronto, Canada; Plano, Texas; and Bogota, Colombia. The trading symbol of the Company is SEI. The Company is targeting assets in Colombia's Magdalena Basin. The Company's exploration strategy is to acquire, explore, develop and produce superior quality assets with significant reserve potential. The primary office of the Company 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 incurred losses in the current and prior periods. For the six months ended June 30, 2017, the Company incurred a loss of \$221,942 and had an accumulated deficit of \$84,956,563. Results for the three and six months ended June 30, 2017 are not necessarily indicative of future results. Sintana had a working capital deficit of \$2,269,984 at June 30, 2017 (December 31, 2016 - working capital deficit of \$2,124,025).

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 uncertainties cast significant doubt as to the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production.

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 required by 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, 2017, the date the Board of Directors approved these 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, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual audited consolidated financial statements for the year ending December 31, 2017 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, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

2. Significant accounting policies (continued)

Recent accounting pronouncements

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was initially issued by the IASB in November 2009 and issued in its completed version in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company will adopt the standard on its effective date and is currently assessing the impact of this pronouncement.

(ii) IFRS 16 - Leases (“IFRS 16”) was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 - Leases. The IASB issued its standard as part of a joint project with the Financial Accounting Standards Board (“FASB”). The FASB has not yet issued its new standard, but it is also expected to require lessees to recognize most leases on their statement of financial position. The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 - Revenue from Contract with Customers, has been applied, or is applied at the same date as IFRS 16.

3. Cash and cash equivalents

	As at June 30, 2017	As at December 31, 2016
Cash	\$ 392,606	\$ 381,182
Cash equivalents - certificate of deposit	-	6,394
	\$ 392,606	\$ 387,576

4. Accounts receivable and other assets

	As at June 30, 2017	As at December 31, 2016
Accounts receivable	\$ 16,123	\$ 32,527
Prepays and other advances	23,641	51,617
	\$ 39,764	\$ 84,144

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

5. Accounts payable and other liabilities

Accounts payable and other liabilities of the Company are principally comprised of amounts outstanding relating to exploration and evaluation expenditures and general operating and administrative activities:

	As at June 30, 2017	As at December 31, 2016
Accounts payable	\$ 656,498	\$ 730,598
Accrued liabilities	1,952,495	1,772,096
	\$ 2,608,993	\$ 2,502,694

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

	As at June 30, 2017	As at December 31, 2016
Less than 1 month	\$ 139,021	\$ 215,863
1 to 3 months	29,261	158,763
Greater than 3 months	2,440,711	2,128,068
	\$ 2,608,993	\$ 2,502,694

During the three and six months ended June 30, 2017, the Company recorded a write-off of accounts payable of \$61,807 in the unaudited condensed interim consolidated statement of income (loss) which was withdrawn by the counterparty.

6. Share capital

a) Authorized share capital:

At June 30, 2017, 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, 2017, the issued share capital amounted to \$77,644,457. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2015	116,866,714	\$ 77,611,957
Shares issued as settlement of debt (i)	361,110	32,500
Balance, June 30, 2016	117,227,824	\$ 77,644,457

Balance, December 31, 2016 and June 30, 2017	117,227,824	\$ 77,644,457
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Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

6. Share capital (continued)

b) Common shares issued (continued):

(i) On January 27, 2016, the Company settled debt of \$65,000 through the issuance of an aggregate of 361,110 common shares, in partial consideration of the past services provided to Sintana by five officers of the Company (the "Recipients"), in lieu of cash compensation previously earned by such Recipients but not paid. During the three and six months ended June 30, 2016, the Company recorded in the unaudited condensed interim consolidated statements of income (loss) and comprehensive income (loss) a gain on settlement of debt of \$nil and \$32,500, respectively.

7. Warrants

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

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2015	6,667	\$ 4.50
Expired	(6,667)	4.50
Balance, June 30, 2016	-	\$ -
Balance, December 31, 2016 and June 30, 2017	-	\$ -

There were no warrants issued and outstanding as of June 30, 2017.

8. Stock options

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

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2015	11,599,339	0.55
Expired	(2,453,667)	1.28
Balance, June 30, 2016	9,145,672	0.36
Balance, December 31, 2016	7,923,694	0.25
Expired	(736,842)	0.25
Balance, June 30, 2017	7,186,852	0.25

(i) Share-based compensation included in salaries and benefits expense includes \$43,650 and \$75,983, respectively (three and six months ended June 30, 2016 - \$95,703 and \$191,406, 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, 2017.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

8. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2017:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
November 28, 2017	0.76	0.41	342,108	342,108	-
April 29, 2018	0.76	0.83	894,744	894,744	-
December 21, 2019	0.15	2.48	200,000	200,000	-
November 5, 2020	0.18	3.35	3,550,000	2,366,667	1,183,333
July 19, 2021	0.10	4.05	2,200,000	733,333	1,466,667
		3.09	7,186,852	4,536,852	2,650,000

9. Net income (loss) per share

The calculation of basic and diluted income (loss) per share for the three and six months ended June 30, 2017 was based on the loss attributable to common shareholders of \$205,567 and \$(221,942), respectively (three and six months ended June 30, 2016 - \$72,846 and \$(710,291), respectively) and the weighted average number of common shares outstanding of 117,227,824 (three and six months ended June 30, 2016 - 117,227,824 and 117,173,410, respectively). Diluted income (loss) per share did not include the effect of options and warrants for the three and six months ended June 30, 2017 and 2016 as they are anti-dilutive.

10. Exploration and evaluation expenditures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Magdalena Basin, Colombia				
Administrative and general	\$ 19,321	\$ 3,955	\$ 26,043	\$ 10,295
Consulting fees	-	38,591	-	72,315
Professional fees	44,218	50,728	59,246	81,180
Office rent	19	8,125	2,923	16,254
Travel expenses	-	(958)	-	(329)
Other	86,114	75,571	86,114	75,571
Sale of oil and gas interest (i)	(364,330)	-	(364,330)	-
	\$ (214,658)	\$ 176,012	\$ (190,004)	\$ 255,286
Nova Scotia properties, Nova Scotia				
Well abandonment and site cleanup reversal (ii)	\$ -	\$ (827,814)	\$ -	\$ (827,814)
	\$ (214,658)	\$ (651,802)	\$ (190,004)	\$ (572,528)

(i) On June 20, 2017, the Company sold its 15% participating interest in the Valle Medio Magdalena Bloque VMM-4 for cash proceeds of \$364,330 (US\$275,000).

(ii) As at June 30, 2017, the Company has estimated the net present value of its total asset retirement obligation ("ARO") to be \$102,312 (December 31, 2016 - \$102,312). The settlement period has been estimated to occur within the next twelve months. The ARO was acquired upon completion of the Business Combination for the Windsor Basin in Nova Scotia and for the Duvernay formation in Alberta. In June 2016, management determined that the liability relating to its Nova Scotia ARO was \$nil and as such the ARO was reversed.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

11. General and administrative

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Salaries and benefits (note 8(i))	\$ 50,947	\$ 451,183	\$ 387,273	\$ 980,240
Professional fees (note 12)	43,613	70,804	80,442	202,305
Administrative and general	12,198	78,915	27,524	113,935
Rent	(256)	(35,404)	15,965	31,069
Travel expenses	599	3,139	6,978	12,203
Reporting issuer costs	4,853	8,673	6,053	17,019
Interest and other income	(1,242)	(424)	(1,311)	(767)
	\$ 110,712	\$ 576,886	\$ 522,924	\$ 1,356,004

12. 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 are 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 of the Company was as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Salaries and benefits ⁽¹⁾⁽³⁾	\$ -	\$ 325,315	\$ 263,141	\$ 671,553
Share-based compensation ⁽²⁾	\$ 30,800	\$ 76,016	\$ 61,600	\$ 152,032

(1) Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$1,797,548 are included in accounts payable and other liabilities as at June 30, 2017 (December 31, 2016 - \$1,675,477) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 12(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, Vice President - Canadian Operations, ceased. Pursuant to his employment agreement, Mr. Pettigrew is entitled to 12 months base salary (US\$200,000 (CDN\$259,540)) as a retiring allowance. This amount is included as accounts payable and other liabilities.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

12. Related party transactions and balances (continued)

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

For the three and six months ended June 30, 2017, the Company paid professional fees and disbursements of \$15,977 and \$32,249, respectively (three and six months ended June 30, 2016 - \$21,656 and \$37,726, respectively) 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 \$14,103 is included in accounts payable and other liabilities as at June 30, 2017 (December 31, 2016 - \$25,806).

For the three and six months ended June 30, 2017, the Company paid professional fees and disbursements of \$1,605 and \$5,231, respectively (three and six months ended June 30, 2016 - \$2,252 and \$6,985, respectively) 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 June 30, 2017, DSA was owed \$2,589 (December 31, 2016 - \$1,412) and this amount is included in accounts payable and other liabilities.

(c) Certain related parties of the Company received common shares as settlement of debt and received an aggregate of 361,110 common shares as follows:

- Sean Austin, Vice President of the Company, received 83,333 common shares of the Company in settlement of debt of \$15,000 on January 27, 2016 (note 6(b)(i)).
- David Cherry, President and Chief Operating Officer of the Company, received 83,333 common shares of the Company in settlement of debt of \$15,000 on January 27, 2016 (note 6(b)(i)).
- Douglas Manner, a Director and CEO of the Company, received 83,333 common shares of the Company in settlement of debt of \$15,000 on January 27, 2016 (note 6(b)(i)).
- Lee Pettigrew, then Vice President - Canadian Operations of the Company, received 27,778 common shares of the Company in settlement of debt of \$5,000 on January 27, 2016 (note 6(b)(i)).
- Keith Spickelmier, a Director and Executive Chairman of the Company, received 83,333 common shares of the Company in settlement of debt of \$15,000 on January 27, 2016 (note 6(b)(i)).

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

13. Segmented information

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

June 30, 2017	Canada	United States	Colombia	Total
Cash and cash equivalents	\$ 371,896	\$ 10,070	\$ 10,640	\$ 392,606
Accounts receivable and other assets	33,984	-	5,780	39,764
Deposits	8,951	-	-	8,951
Total assets	\$ 414,831	\$ 10,070	\$ 16,420	\$ 441,321

December 31, 2016	Canada	United States	Colombia	Total
Cash and cash equivalents	\$ 232,246	\$ 139,518	\$ 15,812	\$ 387,576
Accounts receivable and other assets	53,405	9,260	21,479	84,144
Deposits	9,261	-	-	9,261
Total assets	\$ 294,912	\$ 148,778	\$ 37,291	\$ 480,981

14. Contingency

Well abandonment and site cleanup

In June 2016, the Company received a letter from a third party seeking payment of \$1,291,972 for well abandonment and site cleanup of a Nova Scotia property. The third party has filed a suit against a subsidiary of the Company seeking full payment of the alleged liability plus reimbursement of the costs incurred to pursue the matter. Management believes that the Company is not liable for the invoiced costs and therefore no provision for any potential payments has been recorded.

15. Subsequent event

Effective July 27, 2017, the Company completed an internal reorganization pursuant to which (i) it incorporated a new subsidiary named Sintana Resources Corp. ("Sintana Resources") under the laws of the Province of Ontario; and (ii) all of the issued and outstanding shares of each of Sintana Energy Finance Inc. and 1873520 Ontario Inc. which were formerly held by Sintana Holdings Corp. ("Sintana Holdings") were transferred to Sintana Resources for nominal consideration. Subsequently, effective August 1, 2017, all of the issued and outstanding shares of Sintana Energy Exploration & Production Inc. which were formerly held by Sintana Holdings were also transferred to Sintana Resources for nominal consideration.