



SINTANA ENERGY INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022
(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 September 30, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash	\$ 4,291,266	\$ 38,767
Accounts receivable and other assets (note 3)	16,213	16,177
Total current assets	4,307,479	54,944
Non-current assets		
Investment in associate (note 4)	13,175,481	-
Total assets	\$ 17,482,960	\$ 54,944
EQUITY (DEFICIT) AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 5 and 14)	\$ 265,009	\$ 555,347
Deferred compensation (note 14)	5,298,162	6,662,145
Asset retirement obligation	102,312	102,312
Total current liabilities	5,665,483	7,319,804
Non-current liabilities		
Convertible debentures (note 6)	115,305	106,185
Total liabilities	5,780,788	7,425,989
Shareholders' equity (deficiency)	11,702,172	(7,371,045)
Total shareholders' equity (deficiency) and liabilities	\$ 17,482,960	\$ 54,944

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 16)
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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating expenses				
Exploration and evaluation expenditures (note 12)	\$ 14,721	\$ 17,797	\$ 38,194	\$ 93,768
General and administrative (notes 13 and 14)	415,276	376,885	3,292,978	1,146,936
Finance interest expense (note 6)	3,040	3,841	9,120	11,521
Costs related to acquisition of an interest in Inter Oil (note 4)	-	-	231,894	-
Foreign exchange loss	284,915	175,420	404,361	9,568
Net loss before gain of accounts payable and loss from investment in associate	(717,952)	(573,943)	(3,976,547)	(1,261,793)
Gain of accounts payable (note 5)	23,983	22,292	68,393	65,980
Loss from investment in associate (note 4)	(4,333)	-	(3,886)	-
Net loss and comprehensive loss for the period	\$ (698,302)	\$ (551,651)	\$ (3,912,040)	\$ (1,195,813)
Loss per share - basic and diluted (note 11)	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 11)	269,804,835	134,949,119	236,963,842	133,828,306

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Sintana Energy Inc.

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

	Nine Months Ended	
	September 30,	
	2022	2021
Operating activities		
Net loss for the period	\$ (3,912,040)	\$ (1,195,813)
Adjustment for:		
Accretion on convertible debentures (note 6)	3,120	5,521
Accrued interest on convertible debentures (note 6)	6,000	6,000
Loss from investment in associate (note 4)	3,886	-
Share-based compensation (notes 9 and 10)	1,599,048	139,679
Gain of accounts payable (note 5)	(68,393)	(65,980)
Non-cash working capital items:		
Accounts receivable and other assets	(36)	22,896
Accounts payable and accrued liabilities	(221,945)	(827)
Deferred compensation	(1,363,983)	794,195
Net cash used in operating activities	(3,954,343)	(294,329)
Investing activity		
Investment in associate (note 4)	(5,144,700)	-
Net cash used in investing activity	(5,144,700)	-
Financing activities		
Proceeds from private placements (note 7)	14,051,731	-
Share issue costs (note 7)	(850,189)	-
Options exercised	150,000	40,000
Warrants exercised	-	239,500
Net cash provided by financing activities	13,351,542	279,500
Net change in cash	4,252,499	(14,829)
Cash, beginning of period	38,767	104,049
Cash, end of period	\$ 4,291,266	\$ 89,220

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' (Deficiency) 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, 2020	130,398,297	\$ 78,657,924	\$ 31,082	\$ 5,713,913	\$ 24,891	\$(90,575,977)	\$ (6,148,167)
Restricted shares vested and converted to common shares (note 7(b)(i))	1,950,000	165,750	-	(165,750)	-	-	-
Warrants exercised	2,395,000	270,582	(31,082)	-	-	-	239,500
Options exercised	400,000	65,840	-	(25,840)	-	-	40,000
Share-based compensation - stock options (note 9)	-	-	-	100,679	-	-	100,679
Share-based compensation - restricted shares (note 10)	-	-	-	39,000	-	-	39,000
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,195,813)	(1,195,813)
Balance, September 30, 2021	135,143,297	\$ 79,160,096	\$ -	\$ 5,662,002	\$ 24,891	\$(91,771,790)	\$ (6,924,801)
Balance, December 31, 2021	135,143,297	\$ 79,160,096	\$ -	\$ 5,684,120	\$ 24,891	\$(92,240,152)	\$ (7,371,045)
Private placements (note 7(b)(ii)(iii))	93,678,205	14,051,731	-	-	-	-	14,051,731
Warrants issued (note 7(b)(iii))	-	(5,092,656)	5,092,656	-	-	-	-
Share issue costs (note 7(b)(iii))	-	(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 7(b)(iv))	4,550,000	796,250	-	(796,250)	-	-	-
Options exercised	1,500,000	252,437	-	(102,437)	-	-	150,000
Share-based compensation - stock options (note 9)	-	-	-	802,798	-	-	802,798
Share-based compensation - restricted shares (note 10)	-	-	-	796,250	-	-	796,250
Net loss and comprehensive loss for the period	-	-	-	-	-	(3,912,040)	(3,912,040)
Balance, September 30, 2022	269,804,835	\$ 95,592,053	\$ 5,852,939	\$ 6,384,481	\$ 24,891	\$(96,152,192)	\$ 11,702,172

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 Nine Months Ended September 30, 2022

(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"), with offices in Toronto, Canada; and Dallas, Texas. The trading symbol of the Company is SEI. 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 nine months ended September 30, 2022, the Company incurred a loss of \$3,912,040 (nine months ended September 30, 2021 - \$1,195,813) and had an accumulated deficit of \$96,152,192 (December 31, 2021 - \$92,240,152). Sintana had a working capital deficit of \$1,358,004 at September 30, 2022 (December 31, 2021 - working capital deficit of \$7,264,860).

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.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business and / or ability to raise funds. To date, our operations have remained stable but there can be no assurance that our ability to continue to operate our business will not be materially and adversely impacted, in particular to the extent that aspects of our operations which rely on services provided by third parties fail to perform as expected.

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 November 28, 2022, 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, 2021, 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, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

2. Significant accounting policies (continued)

New standards adopted during the period

Investment in associate

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investment in an associate is accounted for using the equity method (equity accounted investee) and is recognized initially at cost. When applicable, the unaudited condensed interim consolidated financial statements include the Company's share of the income (loss) and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to \$nil, and the recognition of further losses is discontinued, except to the extent that the Company has an obligation, or has made payments on behalf of the investee.

Inter-company balances and transactions, and any unrealized income (loss) and expenses arising from inter-company transactions, are eliminated in preparing the unaudited condensed interim consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Company is accounting for its investment in Inter Oil (Pty) Ltd. ("Inter Oil"), as an equity investment (refer to note 4).

3. Accounts receivable and other assets

	As at September 30, 2022	As at December 31, 2021
Accounts receivable	\$ 5,813	\$ 14,707
Prepays and other advances	10,400	1,470
	\$ 16,213	\$ 16,177

4. Investment in associate

Balance, December 31, 2021	\$ -
Acquisition costs	13,179,367
Loss from investment in associate	(3,886)
Balance, September 30, 2022	\$ 13,175,481

On March 8, 2022, the Company completed the acquisition of 49% of the outstanding shares of Inter Oil (the "Acquisition") from Grisham Assets Corp. ("Grisham"), a private company owned by Mr. Knowledge Katti. Inter Oil is a private Namibian company which indirectly holds a strategic portfolio of 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 20% uncarried 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. In connection with the closing of the Acquisition, Mr. Katti was appointed to the Board of Directors of Sintana. Refer to note 17(ii).

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

4. Investment in associate (continued)

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 for the Company's ownership interest.

As at September 30, 2022

Cash	\$	1,109
Total current assets		7,243
Total non-current assets		919
Total current liabilities		42,125
Total non-current liabilities		-
<hr/>		
Net loss	\$	(7,931)
Proportionate share of net loss		(3,886)

5. Accounts payable and accrued liabilities

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

	As at September 30, 2022	As at December 31, 2021
Accounts payable	\$ 5,790	\$ 135,001
Accrued liabilities	259,219	420,346
	<hr/>	<hr/>
	\$ 265,009	\$ 555,347

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

	As at September 30, 2022	As at December 31, 2021
Less than 1 month	\$ 129,353	\$ 285,241
1 to 3 months	6,955	7,552
Greater than 3 months	128,701	262,554
	<hr/>	<hr/>
	\$ 265,009	\$ 555,347

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

5. Accounts payable and accrued liabilities (continued)

A provision related to the dispute (refer to note 16) 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 nine months ended September 30, 2022, the Company recorded a gain of accounts payable of \$23,983 (US\$17,496) and \$68,393, respectively (US\$52,488) (three and nine months ended September 30, 2021 - \$22,292 (US\$17,496) and \$65,980 (US\$52,488), 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.

6. Convertible debentures

Movement in the convertible debenture was as follows:

	Amount
Balance, December 31, 2021	\$ 106,185
Accrued interest	6,000
Accretion expense	3,120
Balance, September 30, 2022	\$ 115,305

Subsequent to September 30, 2022, the Company redeemed the convertible debenture by paying the principal and accrued interest. Refer to note 17 (ii).

7. Share capital

a) Authorized share capital:

At September 30, 2022, 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 September 30, 2022, the issued share capital amounted to \$95,592,053. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2020	130,398,297	\$ 78,657,924
Restricted shares vested and converted to common shares (i)	1,950,000	165,750
Exercise of warrants	2,395,000	270,582
Exercise of options	400,000	65,840
Balance, September 30, 2021	135,143,297	\$ 79,160,096

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

7. Share capital (continued)

	Number of common shares	Amount
Balance, December 31, 2021	135,143,297	\$ 79,160,096
Private placements (ii)(iii)	93,678,205	14,051,731
Warrants (iii)	-	(5,092,656)
Share issue costs (iii)	-	(1,610,472)
Restricted shares vested and converted to common shares (iv)	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, September 30, 2022	269,804,835	\$ 95,592,053

(i) During the nine months ended September 30, 2021, 1,950,000 Restricted share units ("RSUs") were granted, vested and converted to common shares with a value of \$165,750. Refer to note 10.

(ii) 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).

(iii) 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 for 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.

The Company paid a cash commission of \$649,775 to the Agent as partial consideration for its services in connection with the public offering, together with a corporate finance fee of \$25,000. The Company also issued an aggregate of 4,331,833 broker warrants to the Agent. Each broker warrant entitles the holder to acquire one unit at an exercise price of \$0.15 until March 8, 2024.

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.

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.

(iv) During the nine months ended September 30, 2022, 4,550,000 RSUs were granted, vested and converted to common shares with a value of \$796,250. Refer to note 10.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

8. Warrants

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

	Number of warrants	Weighted average exercise price
Balance, December 31, 2020	2,395,000	\$ 0.10
Warrants exercised	(2,395,000)	0.10
Balance, September 30, 2021	-	\$ -
Balance, December 31, 2021	-	\$ -
Warrants issued (note 7(iii))	88,550,000	0.25
Broker warrants issued (note 7(iii))	4,331,833	0.15
Balance, September 30, 2022	92,881,833	\$ 0.25

The following table reflects the actual warrants issued and outstanding as of September 30, 2022:

Expiry date	Exercise price (\$)	Warrants outstanding	Fair value
March 8, 2024	0.25	88,550,000	\$ 5,092,656
March 8, 2024 (i)	0.15	4,331,833	760,283
		92,881,833	\$ 5,852,939

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

9. 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, 2020	10,625,000	\$ 0.11
Exercised	(400,000)	0.10
Balance, September 30, 2021	10,225,000	\$ 0.11
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, September 30, 2022	16,225,000	\$ 0.14

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

9. Stock options (continued)

(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, \$145,996 and \$778,913, respectively expensed to salaries and benefits (share-based compensation) and recorded as an addition to contributed surplus for the three and nine months ended September 30, 2022.

(ii) Share-based compensation included in salaries and benefits expense includes \$6,760 and \$23,885, respectively (three and nine months ended September 30, 2021 - \$31,156 and \$100,679, respectively) relating to stock options granted in previous years in accordance with their respective vesting terms, during the three and nine months ended September 30, 2022.

The following table reflects the actual stock options issued and outstanding as of September 30, 2022:

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	\$0.100	0.69	450,000	450,000	-
December 18, 2023	\$0.100	1.22	3,850,000	3,850,000	-
January 30, 2025	\$0.145	2.34	2,025,000	2,025,000	-
December 18, 2025	\$0.100	3.22	2,150,000	1,433,333	716,667
March 24, 2027	\$0.165	4.48	7,750,000	2,583,333	5,166,667
		3.17	16,225,000	10,341,666	5,883,334

10. 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 nine months ended September 30, 2022, nil and 4,550,000 RSUs, respectively (three and nine months ended September 30, 2021 - nil and 1,950,000, respectively) were granted, vested and converted to common shares with a value of \$nil and \$796,250 (three and nine months ended September 30, 2021 - \$nil and \$165,750, respectively).

The portion of the compensation of RSUs granted in the current and prior years and vested during the three and nine months ended September 30, 2022, amounted to \$nil and \$796,250, respectively (three and nine months ended September 30, 2021 - \$nil and \$39,000, respectively).

As of September 30, 2022, there were nil RSUs outstanding (December 31, 2021 - nil RSUs).

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2022

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

11. Net loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2022 was based on the loss attributable to common shareholders of \$698,302 and \$3,912,040, respectively (three and nine months ended September 30, 2021 - loss of \$551,651 and \$1,195,813, respectively) and the weighted average number of common shares outstanding of 269,804,835 and 236,963,842, respectively (three and nine months ended September 30, 2021 - 134,949,119 and 133,828,306, respectively). Diluted loss per share did not include the effect of options, warrants, RSUs and convertible debentures for the three and nine months ended September 30, 2022 and 2021 as they were anti-dilutive or not in the money.

12. Exploration and evaluation expenditures

	Three Months Ended September 30, 2022		2021		Nine Months Ended September 30, 2022		2021	
Magdalena Basin, Colombia								
Administrative and general	\$	11,655	\$	10,450	\$	30,179	\$	36,027
Professional fees		3,066		7,347		8,015		57,741
	\$	14,721	\$	17,797	\$	38,194	\$	93,768

13. General and administrative

	Three Months Ended September 30, 2022		2021		Nine Months Ended September 30, 2022		2021	
Salaries and benefits (notes 9, 10 and 14)	\$	312,745	\$	300,388	\$	2,785,210	\$	936,672
Professional fees (note 14)		26,268		57,131		272,700		137,419
Reporting issuer costs		-		890		35,968		31,972
Administrative and general		22,812		18,476		78,926		40,873
Investor relations		53,451		-		120,174		-
	\$	415,276	\$	376,885	\$	3,292,978	\$	1,146,936

14. 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 and vice-president) of the Company was as follows:

	Three Months Ended September 30, 2022		2021		Nine Months Ended September 30, 2022		2021	
Salaries and benefits ⁽¹⁾⁽³⁾	\$	148,375	\$	260,681	\$	1,061,924	\$	777,011
Share-based compensation ⁽²⁾	\$	132,661	\$	26,577	\$	1,494,504	\$	125,409

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(Unaudited)

14. Related party transactions and balances (continued)

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

(1) Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$5,298,162 are included in deferred compensation as at September 30, 2022 (December 31, 2021 - \$6,662,145) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 14(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 September 30, 2022, he was owed \$281,794 (US\$205,584) (December 31, 2021 - \$387,420 (US\$305,584)) and this amount is reported as deferred compensation.

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

For the three and nine months ended September 30, 2022, the Company paid professional fees and disbursements of \$15,731 and \$48,532, respectively (three and nine months ended September 30, 2021 - \$14,981 and \$46,156, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which the Chief Financial Officer ("CFO") of the Company is a managing director. 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 \$5,790 is included in accounts payable and accrued liabilities as at September 30, 2022 (December 31, 2021 - \$27,074).

For the three and nine months ended September 30, 2022, the Company paid professional fees and disbursements of \$nil (three and nine months ended September 30, 2021 - \$nil and \$175, respectively) to DSA Corporate Services Inc., an organization of which the CFO of the Company is the corporate secretary and sole director. 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 September 30, 2022, DSA was owed \$nil (December 31, 2021 - \$198) and this amount is included in accounts payable and accrued liabilities.

For the three and nine months ended September 30, 2022, the Company paid professional fees and disbursements of \$nil and \$1,776, respectively (three and nine months ended September 30, 2021 - \$520 and \$2,665, respectively) to DSA Filing Services Inc. ("DSA Filing"), an organization of which the CFO of the Company is the corporate secretary and sole director. 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 September 30, 2022, DSA Filing was owed \$nil (December 31, 2021 - \$961) and this amount is included in accounts payable and accrued liabilities.

For the three and nine months ended September 30, 2022, the Company paid professional fees and disbursements of \$nil and \$2,818, respectively (three and nine months ended September 30, 2021 - \$370 and \$804, respectively) to Marrelli Press Release Services Ltd. ("Press Release"), an organization of which the CFO of the Company is the corporate secretary and sole director. 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 September 30, 2022, Press Release was owed \$nil (December 31, 2021 - \$1,745) and this amount is included in accounts payable and accrued liabilities.

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(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

15. 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:

September 30, 2022	Canada	United States	Colombia	Total
Cash	\$ 4,200,607	\$ 88,707	\$ 1,952	\$ 4,291,266
Accounts receivable and other assets	16,213	-	-	16,213
Investment in associate	13,175,481	-	-	13,175,481
Total assets	\$ 17,392,301	\$ 88,707	\$ 1,952	\$ 17,482,960
Accounts payable and accrued liabilities	\$ 230,238	\$ 34,771	\$ -	\$ 265,009
Deferred compensation	376,530	4,921,632	-	5,298,162
Asset retirement obligation	102,312	-	-	102,312
Convertible debentures	115,305	-	-	115,305
Total liabilities	\$ 824,385	\$ 4,956,403	\$ -	\$ 5,780,788

Nine Months Ended September 30, 2022	Canada	United States	Colombia	Total
Exploration and evaluation expenditures	\$ -	\$ -	\$ 38,194	\$ 38,194
General and administrative	2,327,722	965,256	-	3,292,978
Finance interest expense	9,120	-	-	9,120
Costs related to acquisition of an interest in Inter Oil	231,894	-	-	231,894
Foreign exchange (gain) loss	(85,772)	493,210	(3,077)	404,361
Gain of accounts payable	(68,393)	-	-	(68,393)
Loss from investment in associate	3,886	-	-	3,886
Net loss and comprehensive loss	\$ 2,418,457	\$ 1,458,466	\$ 35,117	\$ 3,912,040

December 31, 2021	Canada	United States	Colombia	Total
Cash	\$ 35,029	\$ 3,520	\$ 218	\$ 38,767
Accounts receivable and other assets	16,177	-	-	16,177
Total assets	\$ 51,206	\$ 3,520	\$ 218	\$ 54,944
Accounts payable and accrued liabilities	\$ 476,255	\$ 74,781	\$ 4,311	\$ 555,347
Deferred compensation	641,238	6,020,907	-	6,662,145
Asset retirement obligation	102,312	-	-	102,312
Convertible debentures	106,185	-	-	106,185
Total liabilities	\$ 1,325,990	\$ 6,095,688	\$ 4,311	\$ 7,425,989

Nine Months Ended September 30, 2021	Canada	United States	Colombia	Total
Exploration and evaluation expenditures	\$ -	\$ -	\$ 93,768	\$ 93,768
General and administrative	349,352	797,584	-	1,146,936
Finance interest expense	11,521	-	-	11,521
Foreign exchange (gain) loss	(6,530)	39,275	(23,177)	9,568
Gain of accounts payable	(65,980)	-	-	(65,980)
Net loss and comprehensive loss	\$ 288,363	\$ 836,859	\$ 70,591	\$ 1,195,813

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(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

16. 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.

17. Subsequent events

(i) Subsequent to September 30, 2022, the Company redeemed the convertible debenture by paying the principal balance plus accrued interest. Refer to note 6.

(ii) On October 4, 2022, the Company announced that Trago Energy (Pty) Limited ("Trago"), a Namibian affiliate of the Company, had completed a transaction with Chevron Namibia Exploration Limited, a wholly-owned subsidiary of Chevron, in respect of its interest in PEL 90. Trago retained a 10% interest in PEL 90. Chevron will carry Trago through initial exploration activities including a 3D seismic program and one exploration well. Post the carry period, Trago will be responsible for its proportionate share of capital and operating expenditures.

(iii) In October 2022, the Company approved the payment of deferred compensation to officers, directors, and a consultant for an aggregate amount of US\$910,775.