



SINTANA
ENERGY

SNN | TSX-V



2014 ANNUAL REPORT

*CONSOLIDATED FINANCIAL STATEMENTS
&
MANAGEMENT DISCUSSION AND ANALYSIS*

Exploring a better way™

A Colombia Focused Exploration Company

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2013

(Expressed In Canadian Dollars, Unless Otherwise Stated)

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Sintana Energy Inc. ("Sintana" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2014. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2014 and 2013, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's annual and quarterly consolidated financial statements and

the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of April 28, 2015, unless otherwise indicated.

For the purpose of preparing this MD&A, management, in conjunction with the Board of Directors, considers

the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Sintana common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; and / or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on our website www.sintanaenergy.com or on SEDAR at www.sedar.com

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DESCRIPTION OF BUSINESS

Sintana is a Canadian crude oil and natural gas exploration and development company listed on the TSX Venture Exchange under the trading symbol SNN. The Company is primarily engaged in petroleum and natural gas exploration and development activities in Colombia. The Company's exploration strategy is to acquire, explore, develop and produce superior quality assets with significant reserve potential. The Company's private participation interests in Colombia include 30% (carried – unconventional) / 100% (conventional) in the 43,158 acres Valle Medio Magdalena 37 ("VMM-37") Block and a 15% (carried - conventional and unconventional) in the 154,909 acres VMM-4 Block, both in the Middle Magdalena Basin. In the Upper Magdalena Basin, the Company has private participation interests of 30% in the 34,194 acres Talora Block and 30% in the 272,021 acres COR-39 & COR-11 Blocks.

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, a wholly-owned subsidiary of ExxonMobil Corporation (both entities hereinafter referred to as "Exxon") for the exploration and development of unconventional oil and natural gas resources underlying the VMM-37 Block in Colombia's Middle Magdalena Basin. In April 2013, the Agencia Nacional de Hidrocarburos ("ANH") approved the acquisition by Exxon of an undivided 70% private participation interest and operatorship in the formations defined as unconventional by completing the contractually required work program specified in the license agreement. Patriot retains the remaining 30% interest in the unconventional play as well as a 100% participation interest in the conventional resources overlying the top of the unconventional interval.

Cautionary Note Regarding Forward-Looking Information

This 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 MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this 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.

Forward-looking statements	Assumptions	Risk factors
For the twelve months ended December 31, 2015, the Company's budget is anticipated to result in a negative cash flow of US\$1.8 million. See "Liquidity and Financial Position" below	The Company has anticipated all material costs; the operating and exploration activities of the Company for the twelve-months period ending December 31, 2015, 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 the estimation; 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", "Trends" and "Overall Performance" 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 and planned operations and associated costs
The potential of Sintana's participation interests to contain petroleum and natural gas reserves. See "Petroleum and Natural Gas Prospects"	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; and 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 will be received on a timely basis upon terms acceptable to Sintana, and applicable political and economic conditions are 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 with respect to the Company's private participation interests; Sintana's expectations regarding the potential of conventional and unconventional plays	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 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	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

Sensitivity analysis of financial instruments. See “Financial Instruments”	<p>The Colombian Peso and the United States Dollar to Canadian Dollar exchange rates will not be subject to changes in excess of plus or minus 10%</p>	<p>Changes in debt, equity markets and participation interest transactions; interest and exchange rates fluctuations</p>
Work programs and related timing and budgets relating to the exploration and development of the VMM-37 Block. See “Petroleum and Natural Gas Prospects”	<p>Exxon will continue to exercise its options with regard to the project and will not exercise its rights of withdrawal pursuant to the 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 and economic considerations will remain favourable</p>	<p>Exxon exercises its withdrawal rights pursuant to the 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 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</p>
Summaries of proposed work programs and related timing and budgets relating to other property interests of Sintana and the availability of extensions of applicable licenses and permits. See “Petroleum and Natural Gas Prospects”	<p>The market prices of petroleum and natural gas will be favourable; all requisite permits (including renewals thereof), 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; interest and exchange rates and political and economic considerations will remain favourable; future extensions to existing property rights and permits will be available</p>	<p>Petroleum and natural gas market prices volatility; changes in debt and equity markets; increases in costs; interest and exchange rates fluctuations; changes in economic and political conditions; availability of permits (including extensions and renewals thereof), 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; future extensions to property rights and permits will not be available on terms acceptable to Sintana or at all</p>

<p>The potential of properties in which Sintana holds private participation interests to contain economic resources or reserves of petroleum and / or natural gas. See “Petroleum and Natural Gas Prospects”</p>	<p>Management’s expectations as based on the known geology and history of the properties are accurate; 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 will occur as currently anticipated; actual results of exploration are positive; financing will be available to Sintana upon acceptable terms; interest and exchange rates and political and economic considerations will remain favourable</p>	<p>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 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</p>
<p>Successful Farmout of a majority private participation interest in VMM-37 conventional formations</p>	<p>Farmouts will be obtained; farmors will pay for 100% of 2014 and 2015 expenditures; all requisite regulatory approvals will be obtained.</p>	<p>Exploration and development deferred for an indefinite period; Sintana expends additional capital expenditures; farmout partners and regulatory approvals are unavailable</p>
<p>Continued delays or outright termination of exploration activities on the COR-11 and COR-39 Blocks</p>	<p>Surface rights access and other social issues are not resolved in the near term; farmouts remain in good standing</p>	<p>Surface rights access and other social issues are resolved in 2015 and expenditure commitments in excess of \$20M net to the Company are accelerated; opportunity to earn rights to private participation interests in the COR-11 and COR-39 Blocks do not occur</p>

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Sintana’s ability to predict or control. Please also make reference to those risk factors referenced 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 may affect forward-looking statements, and that assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this MD&A.

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 notes specific analogous oil discoveries and corresponding details of said discoveries in the area of the Company’s private participation property interests and makes certain assumptions about such property 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 recently obtained from the public disclosure of other issuers 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 has been presented to help demonstrate that hydrocarbons may be present in commercially recoverable quantities in the Company’s areas of interest. There is no certainty that such results will be achieved by the Company and such information should not be construed as an estimates of future reserves or resources or future production levels of Sintana.

OVERALL PERFORMANCE

As at December 31, 2014, the Company had assets of \$2,216,496 and a net equity position of \$1,043,218. This compares with assets of \$6,349,410 and a net equity position of \$5,353,625 at December 31, 2013. At December 31, 2014, the Company had \$1,173,278 of liabilities (December 31, 2013 - \$995,785). For the year ended December 31, 2014, the Company expensed \$4,763,327 (year ended December 31, 2013 – recoveries of \$1,742,975) as exploration and evaluation expenditures on its oil and natural gas ownership interests.

At December 31, 2014, the Company had working capital of \$1,043,218 (December 31, 2013 – \$5,353,625). The Company had cash and cash equivalents of \$1,876,191 at December 31, 2014 (December 31, 2013 - \$5,556,095). The decrease in working capital of \$4,310,407 from December 31, 2013 to December 31, 2014, is primarily due to operating and administration costs, and the Company's exploration program.

On January 16, 2014, the Company announced that it had received written notice from the Autoridad Nacional de Licencias Ambientales of Colombia (the "ANLA") of final approval of the Environmental License effective January 17, 2014 for the VMM-37 Block in Colombia's Middle Magdalena Basin.

On March 18, 2014, the Company sold working and overriding royalty interests in Marion County, Texas, for a total of USD\$100,000.

On April 15, 2014, the ANH issued a letter confirming that the license governing the Talora Block was in good standing.

On May 28, 2014, the Company announced that it had entered into an arbitration settlement agreement (the "Talora Agreement") with Petrodorado Energy Ltd. ("Petrodorado"). In accordance with the Talora Agreement, the parties have terminated the arbitration process with all present and future claims related to the arbitration having been settled in full. As part of the settlement, Petrodorado will reimburse the Company for work performed by its technical staff that was mutually beneficial for the ongoing development of the Talora discovery on the Verdal structure.

On July 21, 2014, Sintana announced that it had entered into an amendment to an Asset Purchase Agreement (the "LOH Agreement") with Live Oak Holdings, Inc. and its wholly owned Colombia subsidiary, LOH Energy Sucursal Colombia, (together "LOH"). Under the amendment, and as a further step in the Company's efforts to high grade its asset base, Sintana assigned and transferred its participation interests in two non-core Colombia blocks to LOH. In addition, it adjusted its participation interest in the strategic VMM-4 Block in exchange for LOH bearing 100% of Exploration Phase II costs and to facilitate and accelerate execution of the License Contract Work Program. Sintana and LOH had been at an impasse as to each party's rights and obligations under the legacy LOH Agreement. Progress on divestment and exploration programs had been blocked. Time was of the essence as License rights could have expired if efforts to resolve the issues were not successful and Work Program duration extensions were not received. LOH committed to obtaining an extension of the VMM-4 License Contract to at least December 2015 (extensions to mid-year 2016 obtained) and use commercially reasonable efforts to sell its entire participation interest in VMM-4 and resign as operator.

In the fourth quarter of 2013, a 206 square kilometer 3D seismic data acquisition program on VMM-4 was completed and has now been processed and interpreted. The number and size of prospects identified in both conventional and unconventional formations are very encouraging with preliminary management estimates of unrisked oil and gas resources exceeding 100 MMBOE net to Sintana. In addition, exploration wells recently drilled by Canacol Energy Colombia S.A., ("Canacol") (a subsidiary of Canacol Energy Ltd.), Canacol, Exxon and other industry participants have reportedly discovered substantial conventional and unconventional oil reserves on several nearby blocks including, Midas B, VMM-2 and Santa Isabel.

On December 16, 2014, the Company closed a private placement pursuant to which the Company issued an aggregate of 25,390,850 units (the "Units") for aggregate gross proceeds of \$2,281,465. The private placement consisted of 17,777,777 Units at a price of \$0.09 per Unit and 7,613,073 Units at a price of US\$0.077 per Unit. Each Unit consists of one common share of Sintana and one-half share purchase warrant (each whole such warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional

common share of the Company until December 16, 2015 at an exercise price of \$0.12. The Company paid the agents a cash commission of \$96,000 and issued broker warrants entitling the agents to acquire an aggregate of 1,066,666 common shares of the Company at a price of \$0.09 per share until December 16, 2015.

See “Petroleum and Natural Gas Prospects” on page 10.

TRENDS

The Company is focused on acquisition, exploration, development, production and / or sales of crude oil and natural gas resources.

There are significant uncertainties regarding the market prices for crude oil and natural gas 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 acquisition, exploration, development and production of properties that may be proven successful; associated sales of crude oil and natural gas and overall financial markets. Financial and commodities markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy and weak global growth prospects. Unprecedented uncertainties in financial and commodities markets have also led to increased difficulties in borrowing and raising funds. Companies worldwide have been materially and adversely affected by these trends. As a result, the Company might have difficulties raising equity and / or other capital for the purposes of acquisition, exploration, development, production and / or sales of properties, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of the Company to explore and / or further develop its current oil and natural gas interests.

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 to other investments viewed as having lower risk. Companies like 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 might need to fund its future expenditures.

See also “Risk Factors”

PROPOSED TRANSACTIONS

The Company routinely evaluates various business development opportunities which could entail farm-ins, farm-outs, acquisitions, trades and / or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements respecting any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

OFF-BALANCE-SHEET ARRANGEMENTS

As of the date of this MD&A, Sintana does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future impact on its results of operations or financial condition, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

CAPITAL MANAGEMENT

Sintana manages its capital with the following objectives:

- ensure sufficient financial flexibility to achieve its ongoing business objectives;
- maintain a balanced portfolio of various participation interests, with a primary focus on conventional and unconventional opportunities in the Magdalena Basin, Colombia; and
- maximize shareholder value.

Sintana monitors its capital structure and makes adjustments, as necessary, in an effort to meet its commitments and objectives. Sintana can manage its capital structure by issuing new shares and debt, repurchasing outstanding shares, reducing participation interests, adjusting capital spending and operating costs, and / or disposing of assets. The cash forecast and capital structure are reviewed by management and the Board of Directors on an ongoing basis.

Sintana considers its financial capital to be equity, comprising share capital, warrants, contributed surplus and deficit, which at December 31, 2014 totaled \$1,043,218 (December 31, 2013 – equity of \$5,353,625).

Sintana monitors its sources and uses of capital through its financial and operational forecasting processes. Sintana reviews its working capital and forecasts the timing and amounts of its future cash flows based on anticipated operating and overhead expenditures, and other investing and financing activities. The forecast is updated periodically based on current and planned activities related to its oil and natural gas participation interests. Forecast summaries are provided to the Board of Directors.

Sintana's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2014. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2014, the Company was compliant with Policy 2.5.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data derived from the audited annual consolidated financial statements of the Company at December 31, 2014, December 31, 2013 and December 31, 2012 and for the years then ended:

Selected Annual Financial Information

(Loss) Income	Year Ended December 31, 2014 (\$)	Year Ended December 31, 2013 (\$)	Year Ended to December 31, 2012 (\$)
Total revenues	nil	nil	nil
Total loss ⁽¹⁾⁽²⁾	(6,317,487)	749,416	(43,986,601)
Net loss per share – basic ⁽³⁾⁽⁴⁾	(0.02)	0.00	(0.22)
Net loss per share – diluted ⁽³⁾⁽⁴⁾	(0.02)	0.00	(0.22)
Assets / Liabilities	As at December 31, 2013 (\$)	As at December 31, 2012 (\$)	As at December 31, 2011 (\$)
Total assets	2,216,496	6,349,410	11,389,464
Total non-current financial liabilities	nil	nil	nil
Distribution or cash dividends ⁽⁵⁾	nil	nil	nil

Notes:

- (1) (Loss) income from continuing operations attributable to owners of the parent, in total;
- (2) (Loss) income attributable to owners of the parent, in total;
- (3) (Loss) income from continuing operations attributable to owners of the parent, on a per-share and diluted per share basis;
- (4) (Loss) income attributable to owners of the parent, on a per-share and diluted per-share basis;
- (5) Declared per-share for each class of share.

- The net income for the year ended December 31, 2014, consisted primarily of (i) exploration and evaluation expenditures of \$4,763,326; (ii) general and administrative expenses of \$1,653,710; (iii) foreign exchange loss of \$10,810; and (iv) other income of \$110,360.
- The net income for the year ended December 31, 2013, consisted primarily of (i) exploration and evaluation expenditures recoveries of \$1,742,975; (ii) general and administrative expenses of \$2,141,119; (iii) foreign exchange gain of \$2,062,741; (iv) finance interest expense of \$600,964; (v) income tax expense of \$720,532; and (vi) deferred tax recovery of \$406,315.
- The net loss for the year ended December 31, 2012, consisted primarily of (i) exploration and evaluation expenditures, net of recoveries of \$37,938,990; (ii) general and administrative expenses of \$4,597,518; (iii) foreign exchange loss of \$492,918; (iv) finance interest expense of \$784,303; (v) impairment of equipment of \$59,519; and (vi) loss on debt extinguishment of \$113,353.
- The Company's ability to fund its operations is dependent upon it securing financing by issuing equity, selling assets, proceeds from sales of oil and natural gas produced, and / or from royalty income. The value of any oil and gas prospect is dependent upon the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete exploration, development and production activities, and the future profitable production or proceeds from disposition of such oil and natural gas prospect. See "Trends" and "Risk Factors".

SELECTED QUARTERLY INFORMATION

Quarter Ending	Total Sales (\$)	Profit or (Loss)		Total Assets (\$)
		Total (\$)	Basic and Diluted Loss Per Share (9) (\$)	
2014-December 31	Nil	(2,418,695) (1)	(0.01)	2,216,496
2014-September 30	Nil	(1,177,229) (2)	(0.00)	1,775,042
2014-June 30	Nil	(1,244,416) (3)	(0.00)	2,884,661
2014-March 31	Nil	(1,477,147) (4)	(0.00)	4,655,621
2013-December 31	Nil	(1,469,146) (5)	(0.01)	6,349,410
2013-September 30	Nil	1,295,052 (6)	0.00	7,905,775
2013-June 30	Nil	2,515,015 (7)	0.01	12,643,754
2013-March 31	Nil	(1,591,505) (8)	(0.01)	10,180,616

Notes:

(1) Net loss of \$2,418,695 consisted primarily of: exploration and evaluation expenditures of \$1,654,033, general and administrative expenses of \$285,720; and foreign exchange loss of \$478,942.

(2) Net loss of \$1,177,229 consisted primarily of: exploration and evaluation expenditures of \$1,308,962, general and administrative expenses of \$469,699; and foreign exchange gain of \$601,432.

(3) Net loss of \$1,244,416 consisted primarily of: exploration and evaluation expenditures of \$529,497; general and administrative expenses of \$387,815; and foreign exchange loss of \$327,104.

(4) Net loss of \$1,477,147 consisted primarily of: exploration and evaluation expenditures of \$1,270,835; general and administrative expenses of \$510,476; foreign exchange gain of \$193,804; and other income of \$110,360.

(5) Net loss of \$1,469,146 consisted primarily of: exploration and evaluation expenditures of \$1,391,261; general and administrative expenses of \$630,505; foreign exchange gain of \$549,037; and income tax recovery of \$3,583.

(6) Net income of \$1,295,052 consisted primarily of: exploration and evaluation expenditures recoveries of \$1,315,095; general and administrative expenses of \$451,159; foreign exchange loss of \$53,788; finance interest expense recovery of \$83,967; deferred income tax recovery of \$406,315; and income tax expense of \$5,378.

(7) Net income of \$2,515,015 consisted primarily of: exploration and evaluation expenditures recoveries of \$2,878,361; general and administrative expenses of \$627,193; foreign exchange gain of \$1,325,105; finance interest expense of \$342,521; and income tax expense of \$718,737.

(8) Net loss of \$1,591,505 consisted primarily of: exploration and evaluation expenditures of \$1,059,220; general and administrative expenses of \$432,262; foreign exchange gain of \$242,387; and finance interest expense of \$342,410.

(9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Variances in the Company's quarterly net income or loss are largely attributable to variances in the timing of the Company's exploration and evaluation expenditures and recoveries, share-based payments, foreign exchange gain / loss and loss on debt extinguishment.

PETROLEUM AND NATURAL GAS PROSPECTS

Expenditures incurred on Sintana's Petroleum and Natural Gas Prospects:

Exploration Expenditures	Year Ended December 31, 2014 (\$)	Year Ended December 31, 2013 (\$)
Colombia		
Salaries and benefits	1,707,252	1,815,274
Seismic	1,471,393	1,672,720
Other	625,812	20,652
Consulting fees	301,900	295,167
Administrative and general	260,182	480,589
Professional fees	184,158	364,296
Office rent	143,099	133,191
Travel expenses	104,987	68,159
Drilling	nil	261,776
Recovery of costs	nil	(5,655,210)
Technical support services	(90,243)	608,703
Sub-Totals	4,708,540	65,317
Peru		
Drilling	54,773	174,988
Professional fees	13	77,320
Termination fees	nil	(2,060,600)
Sub-Totals	54,786	(1,808,292)
Totals	4,763,326	(1,742,975)

Statistical Summary for Sintana's five (5) exploration blocks:

Asset Summary			
Colombia Basin/Block	Operator	Gross Acres ('000)	Participation Interest
Middle Magdalena			
VMM-37 Unconventional	ExxonMobil	43	30%
VMM-37 Conventional	Sintana Energy	n/a	100%
Total VMM-37		43	
VMM-4	LOH Energy	155	15%
Total M/Mag Basin		198 ^(A)	
Upper Magdalena			
Talora	Petrodorado	34	30%
COR-39	Canacol	95	30%
COR-11	Canacol	177	30%
Total U/Mag Basin		306	
Total Colombia		504	

(A) Square Miles: Gross – 309

MIDDLE MAGDALENA BASIN

(Primary sources: ANH – Colombian Sedimentary Basins – 2009 and Petrotech Engineering Report for Sintana Energy Inc. entitled “Evaluation of the Interest of Sintana Energy Inc. in the VMM-37 Block in the Middle Magdalena Valley Basin Colombia”– July 31, 2012 available on SEDAR at www.sedar.com).

The Middle Magdalena Basin is one of the most explored basins of Colombia with discoveries mainly in the Paleogene section. A century of exploration history in the basin has led to the discovery of approximately 1,900 MMBO, 2.5 TCF of natural gas and a total of 41 fields, including Colombia's first field, La Cira-Infantas, with well over 900 MMBO of produced reserves to date and still producing. The thick Cretaceous section of 4,000 to over 8,000 feet has long been recognized as one of the world's most important source rocks but the absence of conventional reservoirs has discouraged exploration. With the advent of the unconventional plays, this outlook has changed substantially in that these same kerogen-rich intervals appear to be ideal for unconventional potential. The outlook thus far is very favourable for unconventional plays given what could be considered a favourable unconventional “check list” of positive parameters as understood from areas where the unconventional plays are already well established. The positive parameters include: the ample thickness of these Cretaceous TOC-rich and high resistivity units, the multi-stacked nature of these formations, the ideal liquid hydrocarbon phases (medium to high API gravities and gas condensates), the overpressure for high recovery factors (.6-.8 psi/ft gradient) and in many areas the presence of relatively high porosities that verge on the porosities found in conventional reservoirs. Thus the Middle Magdalena Cretaceous section was largely ignored for decades (early 1900's to present) due to the lack of conventional reservoirs, but it is now attracting considerable attention, including from the majors, as it appears to contain all of the elements of a high quality unconventional play. On a worldwide inventory basis, the Middle Magdalena basin appears to contain one of the most prolific areas of this type yet to be explored. Successful drilling and development activities over the course of the past 3 years have substantially enhanced oil and natural gas industry participants' assessments of the economic prospectivity of both conventional and unconventional resources.

The basin has a poly-phase deformation history with three tectonic styles and trap geometries produced from rifting, thrusting and wrenching. The Mesozoic represents a back-arc tectonic setting which provides the deposition of fairly large-scale rift and sag sedimentary sequences in the Jurassic and Cretaceous periods. This back-arc setting evolved into a foundered foreland basin during the

Tertiary period with major uplift to the west and thrusting and major uplift to the east. These uplifts to either side form the present-day intermontane basin setting of the Middle Mag basin with two 5,000-meter mountain ranges to each side, the Central Cordillera to the west and the Eastern Cordillera to the east. The Central Cordillera basin margin is characterized by a regional monocline broken into segments by a series of relatively small high-angle normal and reverse faults, some of which help form large heavy oil fields. The Eastern Cordillera margin is characterized by relatively young thrust faults which form large anticline structures in both the upthrown hangingwall positions and in the downthrown and subthrust footwall positions. The exploration history of the basin has been essentially all directed towards exploring and developing the structural traps in the shallower Tertiary sequences where there are numerous sandstones with excellent reservoir quality. The deeper Cretaceous and the stratigraphic trap concepts throughout the basin have hardly been studied. The sedimentary record shows a succession of continental Jurassic deposits underlying portions of the basin, some in the half-grabens of the back-arc rift setting. The earliest widespread sedimentary sequence which overlies this fairly unknown Jurassic and older substrate is the Cretaceous. It consists of predominantly thick organic-rich marine Cretaceous sediments resulting in widespread present-day hydrocarbon-saturated sections. This Cretaceous column, from bottom to top, can be generally described by a lowermost well-cemented coarse-grained and conglomeratic sandstone (Tambor), followed by a massive “tight-oil” limestone (Rosablanca), then a dense shale (Paja), followed by another fairly thick organic-rich limestone section (Tablazo), then another dense shale (Simiti), followed by the world-class La Luna source rock section which consists of shales and limestones often carried as 4 well-defined members. The middle Cretaceous section contains both calcareous and siliciclastic marine deposits which consist of marls, micritic, organic-rich limestones alternating with organic-rich shales. The middle Cretaceous contains the maximum flooding surfaces of the entire Cretaceous period. There are 2 major highstands, both coinciding with the global anoxic events which provide extremely rich organic content and form some of the most prolific source rock material in the world. At the top of this extremely prolific source rock section is the Umir Shale which caps the Cretaceous column and provides signs of increasingly shallow-water marine conditions. The immediately overlying Tertiary Paleocene sediment marks the onset of solely siliciclastic sediments and unlike the underlying Cretaceous, has no calcareous sedimentation. The depositional environment of these sand and shale units are all near-shore conditions: shallow marine, estuary, deltaic, fluvial and continental environments. Following the Paleocene sedimentation comes the “Eocene Unconformity,” marking one of the most important tectonic events in the Colombian rock record. Regionally, it is a time of intense regional uplift, erosion and tectonism, not just in the Middle Mag basin, but across much of northern-western Colombia. In some areas the erosion was so severe that it removed most or all of the Cretaceous section, even where it was exceptionally thick. Throughout the Middle Mag basin this pattern repeats itself: the “Eocene Unconformity” erodes into and truncates the underlying section, sometimes entirely through the Paleocene and Cretaceous sections, especially if these sections are tilted at a moderate to steep angle. This leaves a pronounced Angular Unconformity, approximately at the Eocene level in which much or all of the Cretaceous and Paleocene units are truncated at the “Eocene Unconformity” (forming a “subcrop”). Associated with this angular truncation is a paleo-syncline completely filled with Paleocene-age rock and truncated or beveled by the “Eocene Unconformity.” This association of geologic elements repeats itself across the basin: distinct sub-basins formed by a tilted and often uplifted Cretaceous section with an angular unconformity. These paleo-synclines (Paleogene in age) are pure stratigraphic traps and would require no structural component. They represent a new play in the Middle Magdalena basin.

Note that the middle Cretaceous limestones and shales of the La Luna formation have long been recognized as the main source rock in the basin and one of the richest in the world. These paleo-synclines are often directly connected to the La Luna source rock via faults or via direct contact if the upper Cretaceous has been sufficiently eroded.

Ninety-seven percent of the proven oil in the basin has been produced from continental Palaeocene sandstones (Palaeocene-Miocene), the Lisama, the Esmeraldas-La Paz and the Colorado-Mugrosa formations with average porosities of 15% to 20% and average permeabilities of 20 to 600 mD. The Basal Limestone Group at the bottom of the Cretaceous section and the La Luna Formation in the middle Cretaceous have been very lightly explored and are considered to contain very large hydrocarbon potential via fractured tight oil and unconventional plays. The seals of Paleocene sandstone reservoirs consist of interbedded, non-marine, ductile claystones, mainly from the Esmeraldas and Colorado formations. The seals for potential Cretaceous limestone reservoirs are marine shales of the Simiti and Umir formations and in some areas, units within the La Luna itself.

VMM-37 BLOCK – (Sintana Conventional - 100% Private Participation Interest; Unconventional - 30% Private Participation Interest - Carried)

March 2011: 100% of License Contract covering VMM-37 Block (“VMM-37” or the “Contract”) awarded to Patriot.

March 2011: ColCan Energy Corp. (“ColCan”) obtained a 100% private participation interest in VMM-37 by acquiring 100% of Patriot.

May 2012: Sintana and ColCan closed on a business combination.

November 2012: Patriot executed the Exxon Agreement whereby Exxon acquired contractual rights to an undivided 70% participation interest and operatorship in the unconventional formations of VMM-37, subject to completion of a defined work program. For purposes of the Agreement, unconventional formations are defined as the La Luna and deeper.

Patriot retained the remaining 30% participation interest in the unconventional play as well as a 100% participation interest in the conventional resources overlying the top of the unconventional interval.

April 2013: The ANH approved the acquisition by Exxon of the undivided 70% private participation interest and operatorship in the formations defined as unconventional by completing the Work Program as specified in the License Contract.

August 2013: The ANH approved an amendment to the Exxon Agreement which revised the Contract Work Program to include the hydraulic stimulation (“fracking” or “frac”) 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 / fracking of a second vertical well (the “Manati Gris-1” or “Gris 1”) to a depth of at least 14,000 feet plus the drilling of a lateral side track of the second well 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. The prior requirement for a seismic acquisition program was cancelled. Though the requirement for a seismic data acquisition program was cancelled, management anticipates that one will be conducted at some point after the initial drilling campaign has been executed.

January 2014: Exxon received written notice of final approval of the Environmental License for the VMM-37 Block.

September 2014: Civil works commenced to construct an access road and drill pad for the Blanco-1.

December 2014: Exxon signed a drilling rig contract for the services of Parker Rig 271.

March 2015: Commenced rig mobilization activities.

DRILLING OPERATIONS – MANATI BLANCO-1:

The Manati Blanco-1 drilling program calls for a vertical well, drilled with Parker Rig 271, that is projected to contact the top of the Lower Tertiary Wedge conventional sandstone formation (Sintana - 100%) at approximately 8,000-9,000 feet. After exiting the Tertiary interval, electric and formation test logs may be run. The well will then continue through multiple unconventional formations, and is projected to reach its target depth of 16,000 feet in 3rd quarter 2015.

VMM-4 BLOCK, COLOMBIA (Sintana – 15% private participation interest - carried)

The VMM-4 Block is located on the eastern edge of the Middle Magdalena Basin, where the basin ends against the Eastern Cordillera with its major mainly strike-slip fault-systems and rugged highlands. The Block consists of an area of 154,904 acres. As a result of the business combination with ColCan, Sintana held a carried 25% private participation interest. In July 2014, this interest was reduced to 15% for consideration of being carried for a second exploration well plus other farmout contract amendments.

TOTAL PROPOSED VMM-4 WORK PROGRAM:

- Drill 2 exploration wells (2015)
- 125.4 + 170 km = 295.4 km 2D seismic with the option to convert this 2D to 3D using an ANH standard conversion factor of 1.6X (or x 0.625) (3D options selected) (2013)

The 3D conversion option noted above was selected. In the fourth quarter of 2013, a 206 square kilometer 3D seismic data acquisition program on VMM-4 was completed and has now been processed and interpreted. The number and size of prospects identified in both conventional and unconventional formations are very encouraging. In addition, exploration wells recently drilled by Canacol, Conoco, Shell and other industry participants have reportedly discovered substantial conventional and unconventional oil resources on several nearby blocks, including Midas B, VMM-2 and Santa Isabel.

The operator has advised the Company that the Phase II Exploration program is scheduled to commence in the fourth quarter of 2015. Two wells are planned with a program design of back-to-back drilling operations.

Sintana is carried for its proportionate share of 100% of the cost of the exploration Work Program, as defined in the License Contract, on the VMM-4 Block.

UPPER-MIDDLE MAGDALENA BASIN, TRANSITION AREA, COLOMBIA

There are four field areas surrounding Sintana's acreage in what can be referred to as the Upper-Middle Magdalena Transition Area. As an example of size and success, management estimates, based on prior work experience and communications with other industry participants, that recoverable reserves in one of these area fields, Guando, are approximately 160 MMBO, that peak production was greater than 30,000 BOPD and is currently producing in a range around 15,000 BOPD. These field areas stake out a rough rectangle around Sintana's two (2) main Upper Magdalena blocks, Talora and COR-39, in this Basin. COR-11 is located further to the SE, within its own transition area between the Upper Magdalena Basin and the Eastern Cordillera. The four fields surrounding Talora and COR-39 are:

- Guando Field discovered in 2000
- Toqui-Toqui Field discovered in 1986
- Puli Field discovered in 1991
- Abanico Field ("Main") discovered in 1999

The Guando Field is 25 km to the southeast of Talora and is one of the most important Upper Magdalena basin fields. This field, which was discovered by Petrobras and Nexen Inc. in 2000 (from the Lasmo prospect inventory acquired in 1998), is one of the most notable fields in Colombia due to its shallow position, the excellent thick Cretaceous Guadalupe reservoir, with over 1,000 feet of net sandstone, and a world-class hydrocarbon column of over 2,100 feet. The good quality medium-gravity oil is surprising for such a shallow field, especially since the field has low reservoir pressure. The shallow position of such a large field and its proximity to infrastructure in the Magdalena Valley and the nearby Bogotá metro area, about 60 km to the east, gives the field considerable commercial advantage. The key to success in low-pressure fields such as Guando is to maintain reasonable reservoir pressures and efficient water flooding programs as long as possible.

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

There is increasing evidence being collected and compiled for Unconventional plays in the Upper-Middle Magdalena transition

area. The La Luna and some of the lower Cretaceous formations are the main source rocks in the area. Therefore, they are the main unconventional targets. The basin is highly charged with geochemical characteristics of the Cretaceous section which are being analyzed with very encouraging source rock characteristics, including the fact that some are within the present-day oil window, even at relatively shallow depths (e.g. 3,000-6,000 feet). If these source-prone sections are proven to be viable unconventional reservoirs, they may provide significant reserve scale.

TALORA BLOCK, COLOMBIA (Sintana – 30% private participation interest; 34,194 gross acres)

In August 2011, the Company entered into an agreement with Petrodorado, to farm-in to an undivided 30% private participation interest in the Petrodorado operated Talora Block located in Colombia's oil prolific Magdalena Basin. It straddles the transition area between the Upper and Middle Magdalena Basins and is flanked by Middle Magdalena oil fields to the north and Upper Magdalena oil fields to the south.

LICENSE CONTRACT:

- **Awarded in 2004**
- Excellent terms:
 - No x factor;
 - No government back-in;
 - Low royalty rate.
- Three exploration wells drilled to date, two (2) in the Verdal structure and one (1) in the Dorados structure.
- **April 2014** - Received ANH letter confirming that all exploration work program commitment requirements (Phase I) to date were satisfactorily met and that the License Contract was in good standing.
- **June 2014** – Confirmation by Petrodorado that all terms of the Farmout Agreement were met and that the private participation interest of 30% was earned.
- **July 2014** – Submitted Commercialization Development Plan to ANH; review and discussions ongoing.
- Currently seeking partner(s) to deepen and complete Verdal – 2X well and drill a second Dorados well.
- The ANH is considering the granting of Work Program extensions due to the significant decline in commodity prices impacting planned capital expenditures.

DRILLING ACTIVITY TO DATE:

- **Verdal-1X well (2010)**
 - Drilled to a depth of 7,657'.
 - Flowed natural gas from the Tetuan formation.
 - Encountered well control problems; abandoned.
 - Declared a natural gas discovery by the ANH.
- **Dorados-1X well (2012)**
 - Drilled to a depth of 7,282'.
 - Encountered multiple sandstone intervals including one, the Dorados sand, with a gross thickness of 1,850'.

- One Dorados sand interval yielded excellent wet gas and oils shows.
- A program to test up to six (6) intervals was initiated but, due to significant formation damage which occurred during drilling operations, a limited amount of additional data was obtained and the well was abandoned.

- **Verdal-2X well (2013)**

- Drilled to a depth of 6,102'.
- Encountered three prospective reservoir units.
- Technical analysis indicates that the well should be highly productive, most likely as gas condensate.

COR-39 AND COR-11 BLOCKS, COLOMBIA (Sintana – 30% private participation interests)

September 2011: The Company entered into an agreement with Canacol Energy Limited to farm-in to undivided 30% private participation interests in the COR-11 and COR-39 Blocks.

COR-39 and COR-11 are 60 km apart (north-south direction) on either side of the Guando Field: COR-39 is 20 km to the north and COR-11 is 40 km to the south. The COR-39 and COR-11 Blocks were awarded to Canacol in Colombia's 2010 bid round, have positive contract terms and minimal X-factors.

Under the terms of the Canacol agreement, the Company will earn undivided 30% private participation interests in each of the COR-39 and COR-11 blocks by paying 60% of the seismic and exploration costs related to the drilling of the first three wells.

Surface landowner and security issues have prevented the partners from exercising their access rights on the blocks. Government authorities are working to resolve the access issues. Seismic and drilling operations, and therefore the Company's funding obligations, have been deferred until at least 2016. License extensions have been received in recognition of these delays. Additional extension applications are under review.

On March 20, 2015, Canacol advised the Company that it is taking the position that it has the right to terminate the Farmout Agreement for each of the COR-11 and COR-39 Blocks. Management is currently evaluating this matter and, together with local counsel, assessing its potential alternatives with respect to these property interests and any consequences relating to the termination of same.

TECHNICAL INFORMATION

Phil de Gruyter, Vice President Exploration and South American Manager of Sintana has reviewed and verified the technical content of the information contained in this MD&A.

ENVIRONMENTAL CONTINGENCY

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. As of the date of this MD&A, the Company believes that there are no significant environmental obligations requiring material capital outlays in the immediate future.

DISCUSSION OF OPERATIONS

Year Ended December 31, 2014, compared with the year ended December 31, 2013

Sintana's net loss totalled \$6,317,487 for the year ended December 31, 2014, with basic and diluted loss per share of \$0.02. This compares with a net income of \$749,416 for the year ended December 31, 2013, with basic and diluted income per share of \$0.00. The increase of \$7,066,903 in net loss was principally due to:

- Exploration and evaluation expenditures increased to \$4,763,327 compared to a recovery of \$1,742,975 for the comparative period. See “Petroleum and Natural Gas Prospects”, above for a description of current exploration activities.
- General and administrative expenses decreased by \$487,409. General and administrative expenses totalled \$1,653,710 for the year ended December 31, 2014 (year ended December 31, 2013 - \$2,141,119) and consisted of administrative and general expenses of \$147,636 (year ended December 31, 2013 - \$235,132), professional fees of \$442,783 (year ended December 31, 2013 - \$469,264), consulting fees of \$nil (year ended December 31, 2013 - \$5,940), reporting issuer costs of \$9,582 (year ended December 31, 2013 - \$36,519), travel expenses of \$197,442 (year ended December 31, 2013 - \$165,255), salaries and benefits of \$857,258 (year ended December 31, 2013 - \$1,231,676) and interest income of \$991 (year ended December 31, 2013 - \$2,667).
 - o The Company incurred a decrease in salaries and benefits of \$374,418 for the year ended December 31, 2014, compared to the year ended December 31, 2013. The decrease can be attributed to the vesting over time of options granted.
- On April 29, 2013, the Company granted a total of 3,400,000 stock options to four officers of the Company. The options have an exercise price of \$0.20, vest in three equal tranches over the next 24 months and expire on April 29, 2018. For the purposes of the 3,400,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 130%; risk-free interest rate of 1.18%; and an expected average life of five years. The options were valued at \$319,600. \$88,145 (year ended December 31, 2013 - \$214,016) was expensed to salaries and benefits (share-based payments) and as an addition to contributed surplus for the year ended December 31, 2014.
- On November 28, 2012, the Company granted a total of 2,000,000 stock options to an officer, a consultant and employees. The awarded options are exercisable at \$0.20 per share and an expiry date of November 28, 2017. Vesting of the stock options is as follows: 1/3 immediately, 1/3 after one year and 1/3 after two years. For the purposes of the 2,000,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 125%; risk-free interest rate of 1.25%; and an expected average life of five years. The fair value assigned to these options was \$338,000. For the year ended December 31, 2014, \$51,331 (year ended December 31, 2013 - \$158,994) was expensed to salaries and benefits (share-based payments) and as an addition to contributed surplus as the option vested.

Several variables are used when determining the value of stock options using the Black-Scholes valuation model:

- The expected term: the Company used the maximum term ascribed to stock options issued for the purposes of calculating their value. The Company chose the maximum term because it is difficult to determine with any reasonable degree of accuracy when these stock options will be exercised.
- Volatility: the Company used historical information on the market price of common shares of a similar company to determine the degree of volatility at the date the stock options were granted. Therefore, depending on when the stock options were granted and the period of historical information examined, the degree of volatility can be different when calculating the value of different stock options.
- Risk-free interest rate: the Company used the interest rate available for government securities of an equivalent expected term as at the date of the grant of the stock options. The risk-free interest rate varies depending on the date of the grant of the stock options and their expected term.
- Dividend yield: the Company has not paid dividends in the past because it is in the development stage and has not yet earned any significant income. Also, the Company does not expect to pay dividends in the foreseeable future. Therefore, a dividend rate of 0% was used for the purposes of the valuation of the stock options.

- o The Company incurred a decrease in professional fees of \$26,481 for the year ended December 31, 2014, compared to the year ended December 31, 2013. The decrease can be attributed to lower corporate activity requiring legal assistance.
- o Administrative and general expenses include rent, professional services and other corporate office expenses. The decrease in administrative and general expenses can be attributed to lower support costs for Sintana's operations in Colombia.
- o The Company incurred an increase in travel expenses of \$32,187 for the year ended December 31, 2014, compared to the year ended December 31, 2013. The increase can be attributed to more business development, operations monitoring and investor relations activities.
- The Company incurred a foreign exchange loss of \$10,810, down from a gain of \$2,062,741 in the previous period, which was primarily attributable to US dollar and Colombian peso exchange rate fluctuations.
- The Company incurred a decrease in finance interest expense of \$600,964 for the year ended December 31, 2014, compared to the year ended December 31, 2013. As of December 31, 2013, all debentures have been repaid in full.
- The Company incurred an increase in other income of \$110,360 for the year ended December 31, 2014, compared to the year ended December 31, 2013. The increase is due to the sale of working and overriding royalty interests in Marion County, Texas, for a total of USD\$100,000.
- The Company incurred a decrease in income tax expense of \$720,532 for the year ended December 31, 2014, compared to the year ended December 31, 2013. The decrease can be attributed to income tax expense to be paid relating to the US\$7,500,000 payment received from Exxon during the year ended December 31, 2013.
- The Company incurred a decrease in deferred tax recovery of \$406,315 for the year ended December 31, 2014, compared to the year ended December 31, 2013. The decrease can be attributed to 24,375,000 warrants that have expired during the year ended December 31, 2013 compared to nil during the year ended December 31, 2014.

Three Months Ended December 31, 2014, compared with the three months ended December 31, 2013

Sintana's and evaluation expenditures decreased to \$1,654,033 compared to a recovery of \$1,391,261 for the comparative period. See "Petroleum and Natural Gas Prospects", above for a description of current exploration activities.

- Exploration and evaluation expenditures decreased to \$1,654,033 compared to a recovery of \$1,391,261 for the comparative period. See "Petroleum and Natural Gas Prospects", above for a description of current exploration activities
- General and administrative expenses decreased by \$344,785. General and administrative expenses totalled \$285,720 for the three months ended December 31, 2014 (three months ended December 31, 2013 - \$630,505) and consisted of administrative and general expenses of \$21,725 (three months ended December 31, 2013 - \$81,092), consulting fees of \$nil (three months ended December 31, 2013 - \$5,940), professional fees of \$120,719 (three months ended December 31, 2013 - \$214,137), reporting issuer costs of \$829 (three months ended December 31, 2013 - \$62), travel expenses of \$31,229 (three months ended December 31, 2013 - \$41,691), salaries and benefits of \$111,225 (three months ended December 31, 2013 - \$288,365) and interest income of \$7 (three months ended December 31, 2013 - \$782)
- o The Company incurred a decrease in salaries and benefits of \$177,140 for the three months ended December 31, 2014, compared to the three months ended December 31, 2013. The decrease can be attributed to reduction in salaries and the vesting over time of options granted.
- On April 29, 2013, the Company granted a total of 3,400,000 stock options to four officers of the Company. The options

have an exercise price of \$0.20, vest in three equal tranches over the next 24 months and expire on April 29, 2018. For the purposes of the 3,400,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 130%; risk-free interest rate of 1.18%; and an expected average life of five years. The options were valued at \$319,600. \$13,317 (three months ended December 31, 2013 - \$40,251) was expensed to salaries and benefits (share-based payments) and as an addition to contributed surplus for the three months ended December 31, 2014.

- On November 28, 2012, the Company granted a total of 2,000,000 stock options to an officer, a consultant and employees. The awarded options are exercisable at \$0.20 per share and an expiry date of November 28, 2017. Vesting of the stock options is as follows: 1/3 immediately, 1/3 after one year and 1/3 after two years. For the purposes of the 2,000,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 125%; risk-free interest rate of 1.25%; and an expected average life of five years. The fair value assigned to these options was \$338,000. For the three months ended December 31, 2014, \$9,080 (three months ended December 31, 2013 - \$32,244) was expensed to salaries and benefits (share-based payments) and as an addition to contributed surplus as the option vested.

Several variables are used, including the expected term, volatility, risk-free interest rate and dividend yield, when determining the value of stock options using the Black-Scholes valuation model, as described on pages 20 and 21.

- o The Company incurred a decrease in professional fees of \$93,418 for the three months ended December 31, 2014, compared to the three months ended December 31, 2013. The decrease can be attributed to lower corporate activity requiring legal assistance.
- o Administrative and general expenses include rent, professional services and other corporate office expenses. The decrease in administrative and general expenses can be attributed to lower support costs for Sintana's operations in Colombia.
- o The Company incurred a decrease in travel expenses of \$10,462 for the three months ended December 31, 2014, compared to the three months ended December 31, 2013. The decrease can be attributed to more business development, operations monitoring and investor relations activities.
- The Company incurred a foreign exchange loss of \$478,942, down from a gain of \$549,037 in the previous period, which was primarily attributable to US dollar and Colombian peso exchange rate fluctuations.

LIQUIDITY AND FINANCIAL POSITION

Expected use of funds for the following twelve months includes:

	Budget from January 1, 2014 to December 31, 2014 (\$ millions) ⁽¹⁾
Cash inflow	
Cash balance at December 31, 2014 ⁽²⁾	1.6
Total cash inflow	1.6
Cash outflow	
Exploration expenses	2.1
General and corporate expenses	1.3
Total cash outflow	3.4
Expected cash balance	(1.8)

Notes:

(1) No agreements have been entered into or finalized. The Company has projected the flow of funds for the following twelve months. These events may or may not occur. See "Cautionary Note Regarding Forward-Looking Information".

(2) The cash balance at December 31, 2014 of \$1,876,191 was converted to US\$ at an exchange rate of 0.8620.

The Company believes that it has insufficient cash on hand to fund its operating expenses and exploration programs, for the twelve-month period ending December 31, 2015. Further financings will be required to develop the Company's oil and natural gas participation interests, to meet ongoing obligations and discharge its liabilities in the normal course of business. There is some flexibility in terms of the pace and timing of exploration and how expenditures have been, or may be adjusted, limited or deferred subject to current capital resources and the potential to raise further funds. The Company will continue to manage its expenditures essential to the viability of its oil and natural gas participation interests. The Company is currently reviewing multiple near-term and longer-term financing options. There is no assurance that additional funds can be raised upon terms acceptable to the Company or at all and funding for junior companies remains challenging. Accordingly, the Company's financial statements have been prepared on a going concern basis. Material adjustments could be required if the Company cannot obtain adequate financing. In addition, the Company might lose its oil and natural gas participation interests at some future date should circumstances arise where it can no longer comply with the terms of the agreements it has entered into. See "Risks Factors".

Changes in capital markets, including a decline in the market prices for crude oil and natural gas, could materially and adversely impact Sintana's ability to complete further financings or disposition of assets, with the result that it may be forced to scale back its operations.

CHANGE IN ACCOUNTING POLICIES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2013. The following new standards have been adopted:

(i) **IAS 32** - Financial instruments, presentation ("IAS 32") will be effective for annual periods beginning on or after January 1, 2014. IAS 32 will be amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. Earlier application is permitted. The Company is currently assessing the impact of this pronouncement.

Recent accounting pronouncements

(i) **IFRS 9** – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 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 is currently assessing the impact of this pronouncement.

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 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 consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 ("NI 52-109"), Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

SHARE CAPITAL

As of the date of this MD&A, an aggregate of 336,023,353 common shares of Sintana are issued and outstanding.

In addition, as of the date of this MD&A, Sintana had the following securities outstanding, each entitling the holder to acquire one common share of Sintana in accordance with the terms thereof:

- 12,695,424 warrants with an exercise price of \$0.12 which expire on December 16, 2015;
- 1,066,666 warrants with an exercise price of \$0.09 which expire on December 16, 2015;
- 8,950,000 stock options (50,000 with an exercise price of \$0.135 until August 18, 2015, 2.7 million with an exercise price of \$0.49 until May 11, 2016, and 6.2 million with an exercise price of \$0.20 until December 20, 2016);
- 6,945,000 stock options to certain directors, officers and consultants, each exercisable to acquire one Sintana share at an exercise price of \$0.27 (6,615,000 until April 19, 2016; 30,000 until March 2, 2017; and 300,000 until April 25, 2017);

- 1,300,000 stock options to an officer, employees and a consultant of the Company. The options have an exercise price of \$0.20, vest in three equal tranches over 24 months and expire on November 28, 2017; and
- 3,400,000 stock options to four officers of the Company. The options have an exercise price of \$0.20, vest in three equal tranches over 24 months and expire on April 29, 2018.

OUTLOOK

The Company routinely evaluates various business development opportunities which could entail farm-ins, farmouts, acquisitions and / or divestitures.

The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to obtain additional funds as and when required.

RELATED PARTY TRANSACTIONS

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

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.

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

Cash Compensation ⁽¹⁾	Year Ended December 31, 2014 (\$)	Year Ended December 31, 2013 (\$)
Keith D. Spickelmier - Director / Executive Chairman	184,100	231,773
Douglas G. Manner - Director / Chief Executive Officer	253,137	309,030
David L. Cherry - President & Chief Operating Officer	184,100	231,772
Sean J. Austin - Vice President, Controller, Secretary & Treasurer	166,187	168,576
Bruno Maruzzo – Director	20,000	20,000
Grant Fagerheim – Director	nil	20,000
Ron MacMicken – Director	20,000	20,000
Phil de Gruyter – Vice President Exploration & South America Manager	595,072	481,104
Greg Schlatter – Reservoir Engineering Manager	378,414	383,658
Total	1,801,010	1,865,913

Notes:

(1) Salaries and benefits include director fees. During the year ended December 31, 2014, \$1,162,413 (year ended 2013 - \$1,100,299) of salaries and benefits expense was included in exploration and evaluation expenditures. Advances to employees for \$125,731 was included in accounts receivable and other assets at December 31, 2014 (2013 - \$183,823).

Share-based payments – New Management	Year Ended December 31, 2014 (\$)	Year Ended December 31, 2013 (\$)
Keith D. Spickelmier - Director / Executive Chairman	25,926	62,946
Douglas G. Manner - Director / Chief Executive Officer	25,926	62,946
David L. Cherry - President & Chief Operating Officer	25,926	62,946
Sean J. Austin - Vice President, Controller, Secretary & Treasurer	10,371	25,178
Phil de Gruyter - Vice President Exploration & South America Manager	17,965	55,648
Greg Schlatcher - Reservoir Engineering Manager	10,267	31,799
Total	116,381	301,463

The Company entered into the following transactions with related parties:

For the year ended December 31, 2014, the Company expensed \$77,022 (year ended 2013 - \$84,740) to Marrelli Support Services Inc. (“Marrelli Support”) for the services of Carmelo Marrelli to act as Chief Financial Officer (“CFO”) of the Company. In addition, Marrelli Support also provides outsourced bookkeeping services to the Company. Carmelo Marrelli is the president of Marrelli Support. The amounts charged by Marrelli Support are based on what Marrelli Support charges its clients. An amount of \$20,785 is included in accounts payable and other liabilities at December 31, 2014 (2013 - \$20,699).

For the year ended December 31, 2014, the Company expensed \$26,718 (year ended 2013 - \$14,995) to DSA Corporate Services Inc. (“DSA”) for corporate secretarial services. The CFO of the Company is an officer of DSA. DSA is a private company controlled by Carmelo Marrelli, the CFO of the Company. Carmelo Marrelli is also the corporate secretary and sole director of DSA. The amounts charged by DSA are based on what DSA charges its clients. An amount of \$1,609 is included in accounts payable and other liabilities at December 31, 2014 (2013 - \$1,357).

Certain related parties of the Company participated in the 2014 private placement and acquired an aggregate of 1,953,333 Units as follows:

- Sean Austin, Vice President of the Company, purchased 400,000 Units of the Company at a price of US\$0.077 per Unit on December 16, 2014.
- David Cherry, the President and Chief Operating Officer of the Company, purchased 1,153,333 Units of the Company at a price of US\$0.077 per Unit on December 16, 2014.
- Douglas Manner, a director and CEO of the Company, purchased 400,000 Units of the Company at a price of US\$0.077 per Unit on December 16, 2014.

FINANCIAL INSTRUMENTS

Financial risk

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest and foreign exchange risk).

Risk management is carried out by Sintana’s management team with guidance from the Board of Directors.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. All of the Company's cash is held with well-known and established financial institutions. As such, management considers credit risk related to these financial assets to be minimal.

Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote. During the year ended December 31, 2014, \$90,000 (2013 - \$nil) of accounts receivable was considered impaired with the corresponding charge recorded in exploration and evaluation expenditures.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in economic conditions generally or matters specific to Sintana. The Company generates cash flow primarily from its financing and business development activities.

Most of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms, except for Colombian income taxes. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company will need to secure additional financing to meet its ongoing obligations in calendar 2015 however there is no assurance that the Company will be able to do so. See "Liquidity and Financial Position" above.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

- Interest rate risk

The Company's current policy is to invest excess cash in short-term guaranteed investment certificates or money market funds of major Canadian chartered banks.

- Foreign currency risk

As of December 31, 2014, the Company funds certain operations, exploration and administrative expenses in Colombia on a cash call basis using US dollar currency. The Company maintains US dollar bank accounts in Canada, Colombia, Panama and the United States. The Company maintains two Colombian Peso bank accounts in Colombia. The Company is subject to gains and losses from fluctuations in the Canadian dollar, Colombian Peso and the United States dollar. The Company does not use currency derivative instruments to manage its exposure to foreign currency fluctuations.

The following are the Canadian dollar equivalent balances for items denominated in foreign currencies:

	December 31, 2014 (\$)
Cash and cash equivalents	357,851
Accounts receivable and other assets	173,897
Accounts payable and other liabilities	(813,890)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

- Sintana holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. As at December 31, 2014, a plus or minus 10% change in the Colombian Peso and US dollar foreign exchange rates against the Canadian dollar, with all other variable held constant, would have affected the reported (loss) income and comprehensive (loss) income by approximately \$9,000.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and administrative	Year Ended December 31, 2014 (\$)	Year Ended December 31, 2013 (\$)
Salaries and benefits	857,258	1,231,676
Professional fees	442,783	469,264
Travel expenses	197,442	165,255
Administrative and general	147,636	235,132
Reporting issuer costs	9,582	36,519
Consulting fees	nil	5,940
Interest income	(991)	(2,667)
Total	1,653,710	2,141,119

RISK FACTORS

Investment in Sintana must be considered highly speculative due to the nature of Sintana's business, its formative stage of development, its current financial position and its lack of an earnings record. An investment in any securities of Sintana should only be considered by those persons who can afford a total loss of their investment.

Requirement to invest to retain rights

Most of the leases and other operating rights that Sintana has and will acquire granting Sintana the right to explore for and exploit crude oil and natural gas resources require, within defined lengths of time, Sintana to drill wells and / or conduct seismic activities to maintain those rights. There can be no assurance that Sintana will have the resources necessary to drill the required wells or conduct the requisite seismic activities within the required time periods. Sintana does not have adequate cash at present to complete all of its drilling activities required to maintain its interests in oil and natural gas properties. In addition, Sintana will prioritize its drilling program so as to pursue its best prospects, thus running the risk that certain of its rights may expire. If Sintana does not perform the required drilling or other required activities within the defined time periods, its rights to explore may lapse, which could have a material adverse effect on Sintana.

Ongoing need for financing

As Sintana has limited revenue, its ability to continue exploration, development, acquisition and divestiture efforts are largely reliant on its continued attractiveness to equity investors. Sintana will incur operating losses as it continues to expend funds to explore and

develop its properties and possibly other properties. Even if its financial resources are presently sufficient to fund its current exploration and development programs, there is no guarantee that Sintana will be able to develop any of its properties to commercial production. Additionally, should Sintana require additional capital to continue exploration and development, failure to raise such capital could result in Sintana going out of business. From time to time, Sintana may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase Sintana's debt levels above industry standards.

Crude oil and natural gas development

No reserves have been assigned in connection with Sintana's property interests to date, given their early stage of development. The future value of Sintana is therefore dependent on the success or otherwise of Sintana's activities, which are principally directed toward the further exploration, appraisal and development of its assets in South America, and potential acquisition of additional property interests in the future. Exploration, appraisal and development of crude oil and natural gas reserves are speculative and involve a significant degree of risk. There is no guarantee that exploration or appraisal of the property interests of Sintana will lead to a commercial discovery or, if there is a commercial discovery, that Sintana will be able to realize the value of such reserves as intended. Few properties that are explored are ultimately developed into new reserves. If at any stage Sintana is precluded from pursuing its exploration or development programs, or such programs are otherwise not continued, Sintana's business, financial condition and / or results of operations and, accordingly, the trading price of Sintana Shares, is likely to be materially adversely affected.

Crude oil and natural gas exploration involves a high degree of risk and there is no assurance that expenditures made for future exploration or development activities by Sintana will result in discoveries of crude oil, condensate or natural gas that are commercially or economically viable. It is difficult to project the costs of implementing any exploratory drilling or development program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

Political risks

All of Sintana's current operations are presently conducted in Colombia and Peru, South America and as such, Sintana's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; terrorism; changes in taxation policies; restrictions on foreign exchange; and changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political actions cannot be predicted and may adversely affect Sintana. Changes, if any, in oil and natural gas or investment policies or shifts in political attitude in the countries in which Sintana holds property interests may adversely affect Sintana's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and oil and natural gas safety matters. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws, regulations and local practices relating to property applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated business, results of operations and financial condition.

Volatile stock price

The stock price of Sintana is highly volatile and will most likely be drastically affected by exploration and development results. Sintana cannot predict the results of its exploration and development activities expected to take place in the future. The results of these activities will inevitably affect Sintana's decisions related to further exploration and development of any of the properties that Sintana may hold in the future, and will likely trigger major changes in the trading price of the Sintana shares.

Potential conflicts of interest

Some of the individuals who serve as directors or officers of Sintana are also directors, officers and / or promoters of other reporting and non-reporting issuers. As of the date of this MD&A, and to the knowledge of the directors and officers of Sintana, there are no existing conflicts of interest between Sintana and any of the individuals who are directors or officers of SNN other than as disclosed elsewhere in this MD&A. Situations may arise where the directors and / or officers of Sintana may be in competition with Sintana. Any conflicts will be subject to and governed by the laws applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of Sintana's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Sintana are required to act honestly, in good faith and in the best interests of Sintana.

No history of production

Sintana's properties are exploration stage only. Sintana has never had any material interest in crude oil and / or natural gas producing properties. There is no assurance that commercial quantities of crude oil or natural gas will be discovered at any of the properties of Sintana or any future properties, nor is there any assurance that the exploration or development programs of Sintana thereon will yield any positive results. Even if commercial quantities of crude oil and / or natural gas are discovered, there can be no assurance that any property of Sintana will ever be brought to a stage where oil and / or natural gas can profitably be produced thereon. Factors which may limit the ability of Sintana to produce oil and / or natural gas from its properties include, but are not limited to, the commodity prices, availability of additional capital and financing and the nature of any crude oil and / or natural gas deposits.

Reliance on limited number of properties

The principal property interests of Sintana are currently the VMM-37, VMM-4, Talora, COR-11 and COR-39 Blocks. As a result, any adverse developments affecting any or all of these Blocks could have a material adverse effect upon Sintana and would materially and adversely affect the potential production, profitability, financial performance and results of operations of Sintana.

Future sales of Sintana shares by existing shareholders

Sales of a large number of Sintana shares in the public markets, or the potential for such sales, could decrease the trading price of the Sintana shares and could impair Sintana's ability to raise capital through future sales of Sintana shares. Sintana may from time to time have previously issued securities at an effective price per share that is lower than the then current market price of the Sintana shares. Accordingly, certain shareholders of Sintana may have an investment profit in the Sintana shares that they may seek to liquidate.

Market price of Sintana shares

Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Sintana shares is also likely to be significantly affected by short-term changes in oil and natural gas prices or in Sintana's financial condition or results of operations of the Company. Other factors unrelated to Sintana's performance that may have an effect on the price of the Sintana shares include the following: the extent of analytical coverage available to investors concerning Sintana's business may be limited if investment

banks with research capabilities do not follow Sintana's securities; lessening in trading volume and general market interest in Sintana's securities may affect an investor's ability to trade significant numbers of Sintana shares; the size of Sintana's public float may limit the ability of some institutions to invest in Sintana's securities; and a substantial decline in the price of the Sintana shares that persists for a significant period of time could cause Sintana's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Sintana shares at any given point in time may not accurately reflect Sintana's long-term value. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Sintana may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Environmental regulation and risks

All phases of Sintana's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Sintana's operations. Environmental hazards may exist on the properties in which Sintana holds interests that are unknown to Sintana at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and permits are currently and may in the future be required in connection with Sintana's direct and indirect operations. To the extent such approvals are required and not obtained, Sintana may be curtailed or prohibited from continuing its oil and / or natural exploration operations or from proceeding with planned exploration or development of its properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of natural resource properties may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of crude oil and natural gas exploration companies, or more stringent implementation thereof, could have a material adverse impact on Sintana and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Requirement for permits and licenses

The operations of Sintana require it to obtain licenses for operating, permits, and in some cases, renewals of existing licenses and permits from the authorities in South America. Sintana believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that it is complying in all material respects with the terms of such licenses and permits. However, the ability of Sintana to obtain, sustain or renew any such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions.

Exploration, development and operating risks

Exploration, development and production operations generally involve a high degree of risk. The operations of Sintana are subject to all the hazards and risks normally encountered in the exploration, development and production of oil and natural gas, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability.

Insurance and uninsured risks

Sintana's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, mechanical failures, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to crude oil and natural gas properties and / or production facilities, personal injury or death, environmental damage to the properties of Sintana, or the properties of others, delays in exploration, development and production activities, monetary losses and possible legal liability.

Although Sintana maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with crude oil and natural gas operations. Sintana may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development and production activities is not generally available to Sintana or to other companies in the oil and natural gas industry on acceptable terms. Sintana might also become subject to liability for pollution or other hazards that may not be insured against or which Sintana may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Sintana to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Infrastructure

Crude oil and natural gas exploration, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources, water supply and disposal facilities are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of Sintana.

Participation Interests

No assurances can be given that there are no participation interests defects affecting any properties of Sintana. Insurance generally is not available, and the ability of Sintana to ensure that it has obtained secure claim to individual properties or concessions may be severely constrained. Furthermore, Sintana has not conducted surveys of the claims in which it currently holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. Accordingly, such natural resource properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and participation interests may be affected by, among other things, undetected defects. In addition, Sintana may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Competition

The crude oil and natural gas industries are competitive in all of their phases. Sintana faces strong competition from other companies in connection with the acquisition of properties producing, or capable of producing, crude oil and natural gas. Many of these companies have greater financial resources, operational experience and technical capabilities than Sintana. As a result of this competition, Sintana

may be unable to maintain or acquire attractive properties on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of Sintana could be materially adversely affected.

Commodity prices

The price of the Sintana shares, its financial results and its exploration, development and production activities, if any, may in the future be significantly adversely affected by declines in the price of crude oil and / or natural gas. The price of crude oil and natural gas fluctuates widely and are affected by numerous factors beyond Sintana's control, such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major oil-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future price declines in the market value of crude oil and / or natural gas could cause continued development of and commercial production from its properties to be impracticable. Depending on the price of crude oil and natural gas, cash flow from any potential future operations may not be sufficient and Sintana could be forced to discontinue production and may lose its interest in, or be forced to sell, some of its properties. Potential future production from Sintana's properties, if any, is dependent upon the price of crude oil and / or natural gas being adequate to make these properties economic.

In addition to adversely affecting Sintana's financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or, may interrupt operations until the reassessment can be completed.

Government regulation

Sintana's exploration, development and production activities are subject to various laws, regulations and rules governing prospecting, development, production, taxes, labour standards and occupational health and safety, toxic substances, land use, water use, land claims of local people and other matters. Although to the best knowledge of Sintana the exploration, development and production activities are currently carried out in all material respects in accordance with all applicable laws, rules and regulations, no assurance can be given that new laws, rules and regulations will not be enacted or that existing laws, rules and regulations will not be applied in a manner that could limit or curtail exploration, development, production or sale activities. Amendments to current laws, rules and regulations governing oil and natural gas operations, or more stringent implementation thereof, could have a substantial adverse impact on Sintana.

Global financial conditions

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or had to be rescued by governmental authorities. Access to public financing has been negatively impacted by government debt burdens, sub-prime mortgages, the liquidity crisis affecting the asset-backed commercial paper market and other factors. These factors may adversely impact the ability of Sintana to obtain equity or debt financing in the future and, if obtained, on terms favourable to it. If these increased levels of volatility and market turmoil continue, the operations of Sintana could be impacted and the value and the price of Sintana shares and other securities could be adversely affected.

Dividend policy

No dividends on any of the Sintana shares have been paid to date. Payment of any future dividends, if any, will be at the discretion of the Board of Directors after taking into account many factors, including Sintana's operating results, financial condition, and current and anticipated cash needs.

Management

The success of the Company is currently largely dependent on the performance of its management. Shareholders will be relying on the good faith, experience and judgment of the Company's management and advisers in supervising and providing for the effective management of the Company's business. The loss of the services of these persons could have a materially adverse effect on the Company's business. There is no assurance the Company can maintain the services of its management or other qualified personnel required to operate its business. Failure to do so could have a materially adverse effect on the Company.

Additionally, directors and officers of the Company may also serve as directors and/or officers of other reporting issuers from time to time.

The Company has not purchased "key-man" insurance.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com or the Company's website at www.sintanaenergy.com.

SUBSEQUENT EVENTS

- (i) On February 28, 2015, 700,000 stock options with an exercise price of \$0.20 and expiry date of November 28, 2017 were cancelled.
- (ii) On March 20, 2015, Canacol advised the Company that it is taking the position that it has the right to terminate the Farmout Agreement for each of the COR-11 and COR-39 Blocks. Management is currently evaluating this matter and, together with local counsel, assessing its potential alternatives with respect to these property interests and any consequences relating to the termination of same.
- (iii) As of April 30, 2015, Phil de Gruyter, Vice President Exploration & South America Manager, will no longer be a full time employee of the Company and will instead serve as a consultant providing services to the Company on a going forward basis as may be required from time to time.

SINTANA ENERGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

(EXPRESSED IN CANADIAN DOLLARS, UNLESS OTHERWISE STATED)

AUDITED

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CERTIFICATION OF ANNUAL FILINGS

Douglas G. Manner, Chief Executive Officer and Carmelo Marrelli, Chief Financial Officer of Sintana Energy Inc., certify the following:

1. **Review:** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the “annual filings”) of Sintana Energy Inc. (the “issuer”) for the financial year ended December 31, 2014.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a 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 was made, for the period covered by the annual filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

Date: April 28, 2015

“Douglas G. Manner”

Douglas G. Manner
Chief Executive Officer

Date: April 28, 2015

“Carmelo Marrelli”

Carmelo Marrelli
Chief Financial Officer

NOTE TO READER

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), this 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 this certificate are not making any representations relating to the establishment and maintenance of

1. *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*
2. *a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.*

The issuer’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 this 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.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sintana Energy Inc.

We have audited the accompanying consolidated financial statements of Sintana Energy Inc., which comprise the statement of financial position as at December 31, 2014 and 2013, and the consolidated statement of (loss) income and comprehensive (loss) income for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sintana Energy Inc. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Sintana Energy Inc.'s ability to continue as a going concern.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 28, 2015

ACCOUNTING > CONSULTING > TAX
701 EVANS AVENUE, 8TH FLOOR, TORONTO ON, M9C 1A3
P: 416.626.6000 F: 416.626.8650
W: MNP.ca

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**(Expressed in Canadian Dollars, Unless Otherwise Stated)**

As at December 31,	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents (note 6)	\$ 1,876,191	\$ 5,556,095
Accounts receivable and other assets (notes 8 and 18)	340,305	793,315
Total Assets	\$ 2,216,496	\$ 6,349,410
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 9 and 18)	\$ 1,173,278	\$ 995,785
Total liabilities	1,173,278	995,785
Equity	1,043,218	5,353,625
Total equity and liabilities	\$ 2,216,496	\$ 6,349,410

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

Nature of operations and going concern (note 1)

Commitments (note 20)

Subsequent events (note 21)

Approved on behalf of the Board:

(signed) "Douglas G. Manner", Director

(signed) "Ronald A. MacMicken", Director

STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME

(Expressed in Canadian Dollars, Unless Otherwise Stated)

Year Ended December 31,	2014	2013
Operating expenses		
Exploration and evaluation expenditures (recoveries) (notes 15 and 18)	\$ 4,763,327	\$ (1,742,975)
General and administrative (notes 16 and 18)	1,653,710	2,141,119
Foreign exchange loss (gain)	10,810	(2,062,741)
Finance interest expense (note 10)	-	600,964
Other income (note 15(iv))	(110,360)	-
Net income (loss) before income taxes	(6,317,487)	1,063,633
Income tax expense (note 17)	-	(720,532)
Deferred tax recovery (note 17)	-	406,315
Net income (loss) and comprehensive income (loss) for the year	\$ (6,317,487)	\$ 749,416
Income (loss) per share - basic (note 14)	\$ (0.02)	\$ 0.00
Income (loss) per share - diluted (note 14)	\$ (0.02)	\$ 0.00

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars, Unless Otherwise Stated)

Year Ended December 31,	2014	2013
Operating expenses		
Net (loss) income for the year	\$ (6,317,487)	\$ 749,416
Adjustment for:		
Accretion on debentures (note 10)	-	357,584
Unrealized foreign exchange	-	(180,830)
Share-based compensation (note 13)	139,476	373,010
Deferred tax recovery (note 17)	-	(406,315)
Non-cash working capital items:		
Accounts receivable and other assets	453,010	339,923
Accounts payable and other liabilities	177,493	(713,749)
Net cash (used in) provided by operating activities	(5,547,508)	519,039
Investing activities		
Redemption of restricted cash (note 7)	-	4,481,890
Net cash provided by investing activities	-	4,481,890
Financing activities		
Redemption of debentures (note 10)	-	(5,400,000)
Common shares issued, net of issuance costs (note 11(b)(i))	1,867,604	-
Net cash provided by (used in) financing activities	1,867,604	(5,400,000)
Net change in cash and cash equivalents	(3,679,904)	(399,071)
Cash and cash equivalents, beginning of year	5,556,095	5,955,166
Cash and cash equivalents, end of year	\$ 1,876,191	\$ 5,556,095

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars, Unless Otherwise Stated)

	Number (#) of Common Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, December 31, 2012	310,632,503	\$ 73,266,926	\$ 3,066,525	\$ 3,338,644	\$ (75,034,581)	\$ 4,637,514
Warrants expired, net of tax effect	-	(406,315)	(3,066,525)	-	3,066,525	(406,315)
Share based compensation (note 13)	-	-	-	373,010	-	373,010
Net income and comprehensive income for the year	-	-	-	-	749,416	749,416
Balance, December 31, 2013	310,632,503	\$ 72,860,611	\$ -	\$ 3,711,654	\$ (71,218,640)	\$ 5,353,625
Units issued in private placement (note 11(b)(i))	25,390,850	2,281,465	-	-	-	2,281,465
Warrants issued (note 11(b)(i))	-	(264,852)	264,852	-	-	-
Broker warrants issued (note 11(b)(i))	-	(31,360)	31,360	-	-	-
Share issue costs (note 11(b)(i))	-	(362,176)	(51,685)	-	-	(413,861)
Share-based compensation (note 13)	-	-	-	139,476	-	139,476
Net loss and comprehensive loss for the year	-	-	-	-	(6,317,487)	(6,317,487)
Balance, December 31, 2014	336,023,353	\$ 74,483,688	\$ 244,527	\$ 3,851,130	\$ (77,536,127)	\$ 1,043,21

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

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 (“TSX-V”) under the trading symbol SNN, with offices in Toronto, Canada; Plano, Texas; and Bogota, Colombia. 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 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C 2C5.

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 year ended December 31, 2014, the Company incurred a loss of \$6,317,487 and had an accumulated deficit of \$77,536,127. Results for the year ended December 31, 2014 are not necessarily indicative of future results. Sintana had a working capital balance of \$1,043,218 at December 31, 2014 (December 31, 2013 \$5,353,625). As a result, the Company will require additional funds to explore and develop its assets, meet ongoing obligations and discharge liabilities as they come due. While there is no assurance these funds can be raised as funding for exploration companies remains challenging, the Company believes such financing will be available. The Company is currently reviewing multiple financing options. There can be no assurance that the Company’s financing activities will continue to be successful or sufficient. Certain of the Company’s discretionary exploration activities have considerable scope for flexibility in terms of the amount and timing of exploration expenditures, and expenditures may be adjusted accordingly. The Company will continue to manage expenditures essential to the viability of its projects.

These 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

(a) *Statement of compliance*

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended December 31, 2014. The policies set out below are based on IFRS issued and outstanding as of April 28, 2015, the date the Board of Directors approved these consolidated financial statements.

(b) *Basis of presentation*

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could materially differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(s).

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Sintana and its wholly owned subsidiaries. The Company has (A) four direct subsidiaries, being (i) 1873520 Ontario Inc., which exists under the laws of Ontario; (ii) Sintana Energy Exploration and Production Inc., which exists under the laws of Texas; (iii) Sintana Energy Finance Inc., which exists under the laws of Ontario; and (iv) Sintana Energy Peru S.A.C., which exists under the laws of Peru (dissolved in 2014); (B) three indirect subsidiaries, being: (i) Northbrook Oil and Gas LLC which exists under the laws of Texas; (ii) Patriot Energy Oil and Gas Inc. ("Patriot Energy"), which exists under the laws of Panama; and (iii) Patriot Energy Services LLC Corp. ("Patriot"), which exists under the laws of Panama; and (C) two branches, being (i) Sintana Energy (Colombia) Inc., which has been established under the laws of Colombia; and (ii) Patriot Energy (Colombia), which has been established under the laws of Colombia.

The results of subsidiaries acquired or disposed of during the periods presented are included in the consolidated statements of (loss) income and comprehensive (loss) income from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(d) Financial assets and liabilities

Sintana's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Fair value through profit and loss ("FVTPL")
Accounts receivable and other assets	Loans and receivables
Financial liabilities:	Classification:
Accounts payable and other liabilities	Other financial liabilities

FVTPL:

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in profit or loss.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the instrument or (where appropriate) a shorter period to the net carrying amount on initial recognition.

Other financial liabilities are de recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2014 and 2013, except for cash and cash equivalents – which are Level 1 financial instruments, none of Sintana's financial instruments are recorded at fair value in the consolidated statements of financial position.

(e) Impairment of non financial assets

At the end of each reporting period, Sintana reviews the carrying amounts of its non financial assets with finite lives to determine whether there are any indications that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use, which is determined using discounted estimated future net cash flows. In addition, long lived assets that are not amortized are subject to an annual impairment assessment.

(f) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand, and guaranteed investment certificates with an original maturity of three months or less, and which are readily convertible into a known amount of cash. Sintana does not invest in any asset backed deposits/investments.

(g) Restricted cash

Cash which is subject to legal or contractual restrictions on use is classified separately as restricted cash.

(h) Compound instruments

Compound instruments are separated into their liability and equity components using the residual method. The Company values the liability component at its fair value and the residual value is assigned to equity. The liability component accretes up to the principal balance at maturity using the effective interest rate method. The equity component will be reclassified to share capital on conversion. Any balance in equity that remains after the settlement of the liability is transferred to contributed surplus.

(i) Foreign currency

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

(j) Provisions

A provision is recognized when Sintana has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by Sintana from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Sintana had no material provisions at December 31, 2014 and 2013.

(k) Restoration, rehabilitation and environmental obligations

Legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an oil and gas property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises, whether at the start of each project or on an ongoing basis during production. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit of production or the straight line method as appropriate under IFRS. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Sintana has no material restoration, rehabilitation and environmental costs as environmental disturbance have been minimal.

(l) Exploration and evaluation expenditures

Sintana expenses exploration and evaluation expenditures as incurred for oil and gas prospects not commercially viable and financially feasible. Exploration and evaluation expenditures include acquisition costs of oil and gas prospects, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for production operations. Capitalization ceases when the oil and natural gas reserves are capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if Sintana can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

(m) Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of Sintana.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Share based payments to non employees are measured at fair value of services provided, measured on the service date and recorded over the service period. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(n) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that Sintana does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

(o) Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is determined by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

(p) Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given up, liabilities incurred or assumed, and equity instruments issued by Sintana in exchange for control of the subsidiary. Acquisition related costs are recognized in profit or loss as incurred.

(q) Joint arrangements

The Company classifies its interests in joint arrangements as either a joint venture or a joint operation. A joint arrangement is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control. A joint arrangement is classified as a joint venture when the parties to the joint arrangement have rights over the net assets of the joint arrangement whereas a joint arrangement is classified as a joint operation when the arrangement provides rights to assets and obligations for liabilities for the parties sharing joint control. Joint ventures are accounted for using the equity method of accounting and joint operations are accounted for by using the proportionate consolidation method whereby the Company's share of assets, liabilities, income, expenses and cash flows of jointly controlled operations are combined with the equivalent items in the results on a line by line basis.

(r) Segment reporting

The Company determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), who are the Company's chief operating decision makers. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results, for which discrete financial information is available, are reviewed regularly by the CEO and CFO to make decisions about resources to be allocated to the segment and assess its performance. The Company has a single class of business which is the exploration and development of oil and gas properties.

(s) Significant accounting judgments and estimates

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties, considered by management:

i) Share based payments

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share based payments in the consolidated statements of (loss) income and comprehensive (loss) income based on estimates of forfeiture and expected lives of the underlying stock options. For the year ended December 31, 2014, the Company recognized \$139,476 of share based payments expense (year ended December 31, 2013 \$373,010).

ii) Warrants issued for services

The Company's warrant instruments issued for services are classified as equity and measured at fair value on the date of issue. If quoted market prices are not available, fair value is calculated using the Black Scholes option pricing model. Subsequent to issue, these warrants are not revalued

Critical judgments used in applying accounting policies

In the preparation of these consolidated financial statements management has made judgments, aside from those that involve

estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

i) Exploration and evaluation costs

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for the Company's oil and gas properties. Once technical feasibility and commercial viability of a property can be demonstrated, related development expenditures will be capitalized. As at December 31, 2014 and 2013, management has determined that no oil and gas properties should be capitalized.

ii) Income taxes and recovery of deferred tax assets

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

(t) Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2013. The following new standard has been adopted:

(i) IFRS 32 – Financial Instruments, Presentation (“IAS 32”) is effective for annual periods beginning on or after January 1, 2014. IAS 32 was amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company’s consolidated financial statements.

(u) 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.

3. CAPITAL RISK MANAGEMENT

Sintana manages its capital with the following objectives:

- ensure sufficient financial flexibility to achieve its ongoing business objectives including funding of current and future growth opportunities;
- establish and maintain a balanced portfolio of various participation interests, with a primary focus on conventional and unconventional opportunities in the Magdalena Basin, Colombia; and
- maximize shareholder value.

Sintana monitors its capital structure and makes adjustments, as necessary, in an effort to meet its commitments and objectives. Sintana can manage its capital structure by issuing new shares and debt, repurchasing outstanding shares, reducing participation interests, adjusting capital spending and operating costs, and/or disposing of assets. The cash forecast and capital structure are reviewed by management and the Board of Directors on an ongoing basis.

Sintana considers its financial capital to be equity, which comprises share capital, warrants, contributed surplus and deficit, which at December 31, 2014, totaled \$1,043,218 (December 31, 2013 equity of \$5,353,625).

Sintana monitors its sources and uses of capital through its financial and operational forecasting processes. Sintana reviews its working capital and forecasts the timing and amounts of its future cash flows based on anticipated operating and overhead expenditures, and other investing and financing activities. The forecast is updated periodically based on current and planned activities related to its oil and natural gas participation interests. Forecast summaries are provided to the Board of Directors.

Sintana's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2014. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2014, the Company was compliant with Policy 2.5.

4. FINANCIAL RISK MANAGEMENT

Financial risk

Sintana's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest and foreign exchange risk).

Risk management is carried out by Sintana's management team with guidance from the Board of Directors.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. All of the Company's cash and cash equivalents is held with well known and established financial institutions. As such, management considers credit risk related to these financial assets to be minimal. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote. As at December 31, 2013, no accounts receivable are considered impaired or past due.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result

of a downturn in economic conditions generally or matters specific to Sintana. The Company generates cash flow primarily from its financing and business development activities.

All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms, except for Colombian income taxes. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company will need to secure additional financing to meet its ongoing obligations during the next fiscal year however there is no assurance that the Company will be able to do so.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company's current policy is to invest excess cash in short term guaranteed investment certificates or money market funds of major Canadian chartered banks.

(b) Foreign currency risk

As of December 31, 2014, the Company funds certain operations, exploration and administrative expenses in Colombia on a cash call basis using United States Dollars ("USD") currency. The Company maintains USD bank accounts in Canada, Colombia, Panama and the United States. The Company maintains two Colombian Peso bank accounts in Colombia. The Company is subject to gains and losses from fluctuations in the Canadian Dollar, Colombian Peso and the USD. The Company does not use currency derivative instruments to manage its exposure to foreign currency fluctuations.

The following are the Canadian dollar equivalent balances for items denominated in foreign currencies:

	December 31, 2014	
Cash and cash equivalents	\$	357,851
Accounts receivable and other assets	\$	173,897
Accounts payable and other liabilities	\$	(813,890)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) Sintana holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. As at December 31, 2014, a plus or minus 10% change in the Colombian Peso and USD foreign exchange rates against the Canadian dollar, with all other variables held constant, would have affected the reported (loss) income and comprehensive (loss) income by approximately \$9,000.

5. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than

quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measured at fair value on a recurring basis:

	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	Aggregate fair value
As at December 31, 2014				
Cash and cash equivalents	\$ 1,876,191	\$ -	\$ -	\$ 1,876,191
As at December 31, 2013				
Cash and cash equivalents	\$ 5,955,166	\$ -	\$ -	\$ 5,955,166

(b) Categories of financial instruments

As at December 31,	2014	2013
Financial assets:		
FVTPL		
Cash and cash equivalents	\$ 1,876,191	\$ 5,556,095
Loans and receivables		
Accounts receivable	198,910	697,472
Financial liabilities:		
Other financial liabilities		
Accounts payable and other liabilities	\$ 1,173,278	\$ 995,785

The Company has not offset financial assets with financial liabilities.

The carrying value of the Company's accounts receivable, restricted cash and accounts payable and other liabilities is close to fair value due to their short term maturity.

6. CASH AND CASH EQUIVALENTS

As at December 31,	2014	2013
Cash	\$ 1,868,917	\$ 5,547,815
Cash equivalents certificate of deposit	7,274	8,280
	\$ 1,876,191	\$ 5,556,095

7. RESTRICTED CASH

On July 30, 2013, the Agencia Nacional de Hidrocarburos of Colombia ("ANH") formally approved the release of the Company's responsibility for the remaining USD \$4,300,000 warranty related to VMM-37. On August 7, 2013, the guaranteed investment certificates were released.

8. ACCOUNTS RECEIVABLE AND OTHER ASSETS

As at December 31,	2014	2013
Accounts receivable	\$ 198,910	\$ 697,472
Prepays and advances	141,395	95,843
	\$ 340,305	\$ 793,315

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration costs on exploration and evaluation assets and general operating activities.

As at December 31,	2014	2013
Accounts payable	\$ 1,042,882	\$ 724,535
Accrual liabilities	130,396	271,250
	\$ 1,173,278	\$ 995,785

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

As at December 31,	2014	2013
Less than 1 month	\$ 1,163,022	\$ 982,998
1 to 3 months	3,763	12,787
Greater than 3 months	6,493	-
	\$ 1,173,278	\$ 995,785

10. DEBENTURES

In February 2011, the Company issued \$20,000,000 in unsecured subordinated redeemable debentures. The debentures were redeemable by ColCan, now Sintana, at any time upon not less than 30, nor more than 60 days notice. The redeemable debentures carried an interest rate of 6% per annum, payable semi annually with the principal maturing on August 1, 2013. Total transaction costs of \$496,243 were incurred. The debentures were carried at amortized cost, with an effective interest rate of 11.79%.

For every \$1,000 debenture subscribed for, ColCan also issued 375 warrants to the subscriber, exchangeable for one common share for \$0.27 per share.

On issuance, the debentures were split between the financial liability and the warrant. The financial liability portion was determined by calculating the difference between the principal value of the debentures and the discounted cash flows assuming an 11.41% discount rate. \$17,998,494 was allocated to the debentures less transaction costs of \$446,581, while \$2,001,506 was allocated to the warrants less transaction costs of \$49,662.

Between July 26, 2011 and August 12, 2011, ColCan redeemed debentures with a principal value of \$11,600,000 resulting in a loss on debt extinguishment of \$1,174,087. Of this, \$9,000,000 was redeemed through the issuance of 22,500,000 common shares and 11,250,000 warrants.

On April 27, 2012, ColCan redeemed a debenture with a principal value of \$3,000,000 resulting in a loss on debt extinguishment of \$113,353. The \$3,000,000 was redeemed through the issuance of 10,140,983 common shares.

Total finance interest expense, which includes interest paid, accretion and accrued interest was \$nil for the year ended December 31, 2014 (year ended December 31, 2013 \$548,415).

During the year ended December 31, 2013, all debentures were repaid in full.

During the year ended December 31, 2013, other interest expense incurred was related to Letters of Credit issued by Royal Bank of Canada ("RBC") which amounted to \$52,549.

11. SHARE CAPITAL

a) Authorized share capital:

At December 31, 2013, 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 December 31, 2014, the issued share capital amounted to \$74,483,688. The change in issued share capital for the periods presented was as follows:

	Number of common shares		Amount
Balance, December 31, 2012	310,632,503	\$	73,266,926
Tax effect from expired warrants	-		(406,315)
Balance, December 31, 2013	310,632,503		72,860,611
Units issued in private placement (i)	25,390,850		2,281,465
Warrants issued (i)	-		(264,852)
Broker warrants issued (i)	-		(31,360)
Share issued costs (i)	-		(362,176)
Balance, December 31, 2014	336,023,353	\$	74,483,688

(i) On December 16, 2014, the Company closed a private placement pursuant to which the Company issued an aggregate of 25,390,850 units (the “Units”) for aggregate gross proceeds of \$2,281,465. The private placement consisted of 17,777,777 Units at a price of \$0.09 per Unit and 7,613,073 Units at a price of \$0.09 (US\$0.077) per Unit. Each Unit consists of one common share of Sintana and one half share purchase warrant (each whole such warrant, a “Warrant”). Each Warrant entitles the holder thereof to acquire one additional common share of the Company until December 16, 2015 at an exercise price of \$0.12. The Company paid the agents a cash commission of \$96,000 and issued broker warrants entitling the agents to acquire an aggregate of 1,066,666 common shares of the Company at a price of \$0.09 per share until December 16, 2015.

A value of \$264,852 was estimated for the 12,695,424 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 116.57% using the historical price history of the Company; risk free interest rate of 0.95%; and an expected average life of 1 year.

A value of \$31,360 was estimated for the 1,066,666 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 116.57% using the historical price history of the Company; risk free interest rate of 0.95%; and an expected average life of 1 year.

Total share issue costs of \$413,861 were charged, of which \$362,176 was allocated to share capital and \$51,685 was allocated to warrants.

All securities issued pursuant to the private placement are subject to a statutory hold period expiring on April 17, 2015.

12. WARRANTS

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

	Number of warrants	Weighted average exercise price (\$)	Fair value	Expiry date
Balance, December 31, 2012	24,375,000	0.32	\$ 3,066,525	
Expired	(7,500,000)	0.27	(1,951,844)	Aug 1, 2013
Expired	(16,875,000)	0.34	(1,114,681)	Aug 9, 2013
Balance, December 31, 2013	-	-	-	
Issued (note 11(b)(i))	12,695,424	0.12	213,167	Dec 16, 2015
Issued (note 11(b)(i))	1,066,666	0.09	31,360	Dec 16, 2015
Balance, December 31, 2014	13,762,090	-	\$ 244,527	

13. 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, 2012	18,245,000	0.27
Granted (i)	3,400,000	0.20
Expired	(50,000)	0.10
Balance, December 31, 2013	21,595,000	0.26
Cancelled	(300,000)	0.20
Balance, December 31, 2014	21,295,000	0.26

(i) On April 29, 2013, the Company granted a total of 3,400,000 stock options to four officers of the Company. The options have an exercise price of \$0.20, vest in three equal tranches over the next 24 months and expire on April 29, 2018. For the purposes of the 3,400,000 options, the fair value of each option was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 130%; risk free interest rate of 1.18%; and an expected average life of five years. The options were valued at \$319,600. \$88,145 (year ended December 31, 2013 \$214,016) was expensed to salaries and benefits (share based compensation) and as an addition to contributed surplus for the year ended December 31, 2014.

(ii) Share based compensation expense includes \$51,331 (year ended December 31, 2013 \$158,994) relating to stock options granted in previous years that were expensed, in accordance with the vesting term of stock options granted, during the year ended December 31, 2014.

The following table reflects the actual stock options issued and outstanding as of December 31, 2014:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
August 18, 2015	0.135	0.63	50,000	50,000	-
April 19, 2016	0.27	1.30	6,615,000	6,615,000	-
May 11, 2016	0.49	1.36	2,700,000	2,700,000	-
December 20, 2016	0.20	1.97	6,200,000	6,200,000	-
March 2, 2017	0.27	2.17	30,000	30,000	-
April 25, 2017	0.27	2.32	300,000	300,000	-
November 28, 2017	0.20	2.91	2,000,000	2,000,000	-
April 29, 2018	0.20	3.33	3,400,000	2,266,667	1,133,333
		1.99	21,295,000	20,161,667	1,133,333

14. NET INCOME (LOSS) PER SHARE

The calculation of basic and diluted (loss) income per share for the year ended December 31, 2014 was based on the loss attributable to common shareholders of \$6,317,487 (2013 income of \$749,416) and the weighted average number of common shares outstanding of 311,675,963 (2013 310,632,503). Diluted loss per share did not include the effect of options for the year ended December 31, 2014 as they are anti dilutive.

Year Ended December 31,	2014	2013
Weighted average shares outstanding - basic	311,675,963	310,632,503
Dilutive effect of stock options and warrants		419
Weighted average shares outstanding - diluted	311,675,963	310,632,503

15. EXPLORATION AND EVALUATION EXPENDITURES (RECOVERIES)

Year Ended December 31,	2014	2013
Colombia		
Salaries and benefits	\$ 1,707,252	\$ 1,815,274
Seismic	1,471,393	1,672,720
Other (note 4(i))	625,813	20,652
Consulting fees	301,900	295,167
Administrative and general	260,182	480,589
Professional fees	184,158	364,296
Office rent	143,099	133,191
Travel expenses	104,987	68,159
Drilling	-	261,776
Recovery of costs (i)	-	(5,655,210)
Technical support services	(90,243)	608,703
	\$ 4,708,541	\$ 65,317
Peru		
Professional fees	\$ 54,773	\$ 174,988
Other	13	77,320
Termination fees (ii)	-	(2,060,600)
	\$ 54,786	\$ (1,808,292)
	\$ 4,763,327	\$ (1,742,975)

(i) ExxonMobil Exploration Colombia Limited ("Exxon")

On November 12, 2012, Sintana announced that Patriot Energy, wholly owned by the Company, had entered into a Farmout Agreement (the "Agreement") with Exxon, a wholly owned subsidiary of ExxonMobil Corporation ("ExxonMobil") for the exploration and development of unconventional oil and gas resources underlying the 43,000 acre Valle Medio Magdalena 37 Block ("VMM-37") in Colombia's Middle Magdalena Basin. Major elements of the VMM-37 Agreement are as follows:

Participation interests:

- On April 3, 2013, the ANH executed a Contract amendment that allows Patriot Energy to assign seventy percent (70%) of the participating interest, rights and obligations and the operation of the Contract to Exxon for the exploration and development

of unconventional oil and gas resources underlying the VMM-37 Block (approved on April 3, 2013).

- Patriot Energy retains the remaining 30% interest in the unconventional play as well as its current 100% participation interest in the conventional resources overlying the top of the unconventional interval.

Consideration:

- Exxon paid consideration of USD\$7,500,000 in the following installments; (i) USD\$3,750,000 within ten (10) days of the effective date of the Agreement (received in 2012), and (ii) USD\$3,750,000 within ten (10) days of receipt of the ANH approval (received in 2013).

Work program:

- Exxon will pay 100% of all Exploration Phase I well costs (3 wellbores). Consideration will also be paid that will compensate Sintana for its past expenses connected with the block. For the year ended December 31, 2014, the exploration cost recovered were \$nil (year ended December 31, 2013 \$1,666,710).
- Exxon will have an option to proceed to the next phase. In this development phase, it will have the option to pay 100% of all additional costs to a maximum of USD \$45 million, of which USD \$10 million will be recouped by Exxon from 50% of Patriot's production proceeds.
- As agreed by Patriot Energy and Exxon, as joint participants in the VMM-37 Block, good faith efforts will be made to locate exploration wells targeting the unconventional play in such a way as to also test conventional prospects.
- At various stages of the Work Program, as defined in the Agreement, Exxon will have the right to withdraw from the project, relinquish operatorship and reassign to Patriot the right to the 70% participation interest it would have retained had it met all investments and activities requirements of the Agreement.

Supplemental investment capital:

- In the event that exploration and development of the unconventional resources continue beyond the activities and costs enumerated above, those costs will be shared based on the parties participating interests.
- Further exploration and subsequent development plans for the unconventional and conventional formations will be decided on once technical data obtained from drilling the deeper unconventional play, and other sources, are analyzed.

Warranties:

- The ANH requires that operators provide secured performance warranties for various phases of the contractual Work Program. Exxon has assumed responsibility for providing these warranties.

(ii) On August 28, 2013, the Company completed an Exploration and Production Termination Agreement (the "Termination Agreement") with three Faulkner entities; Faulkner Exploration Inc., Faulkner Exploration Inc., S.A. and Faulkner Exploration and Production, Inc.

Under the Termination Agreement, Sintana's undivided 25% rights and obligations with respect to the Bayovar Block (Exploration Permit XXVII) located in the Sechura Basin, onshore Peru, were terminated in exchange for a cash payment to Sintana of USD\$2,000,000.

(iii) On January 16, 2014, the Company announced that it had received written notice from the Autoridad Nacional de Licencias Ambientales of Colombia of final approval of the Environmental License effective January 17, 2014 for the VMM-37 Block in Colombia's Middle Magdalena Basin.

(iv) On March 18, 2014, the Company sold its working and overriding royalty interests in Marion County, Texas, for a total of \$110,360 (USD\$100,000).

(v) On October 22, 2013, the Company announced that it had commenced an arbitration action, through the International Chamber

of Commerce in Paris, France, against Petrodorado Energy Ltd. ("Petrodorado"), the operator, relating to the Talora Block. Sintana contends that Petrodorado committed multiple breaches of their farmout agreement. On May 27, 2014, the Company entered into a settlement agreement (the "Settlement Agreement") with Petrodorado Energy Ltd. ("Petrodorado"). In accordance with the Settlement Agreement, the parties have terminated the arbitration process with all present and future claims related to the arbitration having been settled in full.

(vi) On July 21, 2014, the Company announced that it had entered into an amendment to an Asset Purchase Agreement with Live Oak Holdings, Inc. and its wholly owned Colombia subsidiary, LOH Energy Sucursal Colombia, (together "LOH"). Under the amendment, and as a further step in the Company's efforts to high grade its asset base, the Company assigned and transferred its 25% participation interests in two non core Colombia blocks to LOH. In addition, it reduced its participation interest in the strategic VMM-4 Block from 25% to 15%, in exchange for LOH bearing 100% of Exploration Phase II costs and to facilitate and accelerate execution of the License Contract Work Program.

16. GENERAL AND ADMINISTRATIVE

Year Ended December 31,	2014	2013
Salaries and benefits (note 13)	\$ 857,258	\$ 1,231,676
Professional fees	442,783	469,264
Travel expenses	197,442	165,255
Administrative and general	147,636	235,132
Reporting issuer costs	9,582	36,519
Consulting fees	-	5,940
Interest income	(991)	(2,667)
	\$ 1,653,710	\$ 2,141,119

17. INCOME TAXES

Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2013 - 26.25%) to the effective tax rates is as follows:

Year Ended December 31,	2014	2013
Net (loss) income before income taxes	\$ (6,317,487)	\$ 1,063,633
Expected income tax expense (recovery)	(1,674,134)	281,863
Effect on income taxes of:		
Difference in foreign tax rates	(527,995)	(320,360)
Tax rate changes and other adjustments	84,968	(107,813)
Non-deductible expenses	140,222	(192,123)
Tax impact of assignment of oil and gas exploration interests	-	696,355
Non-deductible stock-based payments	36,961	98,847
Unrealized foreign exchange	572,512	(197,994)
Change in tax benefits not recognized	1,367,466	55,442
Income tax expense	\$ -	\$ 314,217

The Company's income tax expense (recovery) is allocated as follows:

Year Ended December 31,	2014	2013
Current tax expense	\$ -	\$ 720,532
Deferred tax recovery	-	(406,315)
	\$ -	\$ 314,217

Deferred tax

The following table summarizes the components of deferred income tax:

Year Ended December 31,	2014	2013
Deferred tax assets		
Non-capital losses carried forward - Canada	\$ 537,790	\$ 236,115
Deferred tax liabilities		
Due to related parties	(537,790)	(236,115)
Net deferred tax liabilities	\$ -	\$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Movement in net deferred tax liabilities:

	2014	2013
Balance at the beginning of the year	\$ -	\$ -
Recognized in profit/loss	-	406,315
Recognized in equity	-	(406,315)
Balance at the end of the year	\$ -	\$ -

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the difference between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2014	2013
Exploration and evaluation assets	\$ 36,894,386	\$ 32,930,955
Share issuance costs	1,766,851	2,409,081
Non-capital losses carried forward - Canada	8,348,787	8,079,412
Non-capital losses carried forward - Peru	65,701	51,240
Non-capital losses carried forward - U.S.	5,151,565	3,825,140
Other temporary differences	220,063	235,343

The Canadian and U.S. non capital loss carry forwards expire between 2030 and 2034. Peruvian losses may be carried forward indefinitely but may only be applied against 50% of taxable income in each subsequent year. Share issue and financing costs will be fully amortized in 2018. The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

18. 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:

Year Ended December 31,	2014	2013
Salaries and benefits (1)	\$ 1,801,010	\$ 1,865,913
Share based payments (2)	\$ 116,381	\$ 301,463

(1) Salaries and benefits include director fees. During the year ended December 31, 2014, \$1,162,413 (year ended 2013 \$1,100,299) of salaries and benefits expenses were included in exploration and evaluation expenditures (recoveries). Advances to employees for \$125,731 is included in accounts receivable and other assets at December 31, 2014 (2013 \$183,823).

(2) Share based payments are recorded in salaries and benefits under general and administrative expenses.

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

For the year ended December 31, 2014, the Company paid professional fees and disbursements of \$77,022 (year ended 2013 \$84,740) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Carmelo Marrelli is the CFO 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 \$20,785 is included in accounts payable and other liabilities as at December 31, 2014 (2013 \$20,699).

For the year ended December 31, 2014, the Company paid professional fees and disbursements of \$26,718 (year ended 2013 \$14,995) to DSA Corporate Services Inc. ("DSA"), an organization of 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 December 31, 2014, DSA was owed \$1,609 (2013 \$1,357) and this amount is included in accounts payable and other liabilities.

(c) Certain related parties of the Company participated in the 2014 private placement and acquired an aggregate of 1,953,333 common shares as follows:

- Sean Austin, Vice President of the Company, purchased 400,000 common shares of the Company at a price of US\$0.077 per common share on December 16, 2014 (note 11(b)(i)).
- David Cherry, the President and Chief Operating Officer of the Company, purchased 1,153,333 common shares of the Company at a price of US\$0.077 per common share on December 16, 2014 (note 11(b)(i)).
- Douglas Manner, a director and CEO of the Company, purchased 400,000 common shares of the Company at a price of US\$0.077 per common share on December 16, 2014 (note 11(b)(i)).

19. 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 and/or operating offices in Toronto, Canada; Plano, Texas; and Bogota, Colombia. Segmented information on a geographic basis is as follows:

December 31, 2014	Canada	United States	Colombia	Peru	Total
Cash and cash equivalents	\$ 1,774,373	\$ 73,684	\$ 28,134	\$ -	\$ 1,876,191
Accounts receivable and other assets	166,408	29,303	144,594	-	340,305
Total assets	\$ 1,940,781	\$ 102,987	\$ 172,728	\$ -	\$ 2,216,496

December 31, 2013	Canada	United States	Colombia	Peru	Total
Cash and cash equivalents	\$ 5,284,341	\$ 107,701	\$ 163,673	\$ 380	\$ 5,556,095
Accounts receivable and other assets	104,899	-	679,162	9,254	793,315
Total assets	\$ 5,389,240	\$ 107,701	\$ 842,835	\$ 9,634	\$ 6,349,410

20. COMMITMENTS AND CONTINGENCY

In September 2011, the Company entered into an agreement with Canacol Energy Inc. ("Canacol") to farm in undivided 30% private participation interest in the COR-11 and COR-39 Blocks. The Company had commitments related to this agreement which were terminated subsequent to year end (note 21(ii)).

21. SUBSEQUENT EVENTS

(i) On February 28, 2015, 700,000 stock options with an exercise price of \$0.20 and expiry date of November 28, 2017 were cancelled.

(ii) On March 20, 2015, Canacol Energy Inc. advised the Company that it is taking the position that it has the right to terminate the Farmout Agreement for each of the COR-11 and COR-39 Blocks. Management is currently evaluating this matter and, together with local counsel, assessing its potential alternatives with respect to these property interests and any consequences relating to the termination of same.

(iii) As of April 30, 2015, Phil de Gruyter, Vice President Exploration & South America Manager, will no longer be a full time employee of the Company and will instead serve as a consultant providing services to the Company on a going forward basis as may be required from time to time.

CORPORATE INFORMATION

DIRECTORS

Keith Spickelmier, Executive Chairman
Douglas Manner, CEO & Director
Ronald MacMicken, Director
Bruno Maruzzo, Director

OFFICERS

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

AUDIT COMMITTEE

Ron MacMicken, Director
Bruno Maruzzo, Director

AUDITORS

MNP LLP Chartered Accountants
Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

CompuShare Trust Company of Canada
Toronto, Ontario

LEGAL COUNSEL

Cassels Brock, LLC
Toronto, Ontario

LISTING

Exchange: TSX Venture
Trading Symbol: SNN
Cusip Number: 26203M
Fiscal Year End: Dec 31

UNITED STATES

Sintana Energy Inc. – Head Office
6860 North Dallas Parkway, Suite 208
Plano, TX., USA 75024

☎ 713.825.9591

📠 713.825.9591

✉ info@sintanaenergy.com

SOUTH AMERICA

Sintana Energy Inc. – SA Operations
Avenida 9 No. 113-52
Oficina 1804, Torres Unidas II
Bogotá D.C., Colombia

☎ 011.571.214.8365

📠 011.571.612.3193

CANADA

Sintana Energy Inc. – Registered Office
36 Toronto Street Suite 1000
Toronto, Ontario M5C 2C5

☎ 416.361.0737

📠 416.361.0923