CROWN POINT ENERGY INC.
Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013
(Unaudited)

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Canadian dollars)

	June 30 2013	December 31 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 11,226,385	$ 12,872,129
Trade and other receivables	3,949,597	4,929,996
Inventory	402,438	867,588
Prepaid expenses	1,231,524	1,062,158
	16,809,944	19,731,871
Exploration and evaluation assets (Note 5)	9,900,028	9,915,032
Property and equipment (Note 6)	41,253,061	53,384,792
Other non-current assets (Note 7)	1,296,983	719,765
	$ 69,260,016	$ 83,751,460
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 3,316,942	$ 4,885,028
Decommissioning provision (Note 9)	2,190,640	2,299,227
	5,507,582	7,184,255
Shareholders' equity:		
Share capital	107,179,021	107,387,933
Contributed surplus	5,857,868	4,888,547
Accumulated other comprehensive loss	(10,738,932)	(8,948,381)
Deficit	(38,545,523)	(26,760,894)
	63,752,434	76,567,205
	$ 69,260,016	$ 83,751,460

Subsequent events (Note 17)

See accompanying notes to the condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Canadian dollars)

	For the three months ended		For the six months ended	
	June 30 2013	May 31 2012	June 30 2013	May 31 2012
Revenue				
Oil and gas	$ 5,394,411	$ 1,937,752	$ 11,846,140	$ 3,979,653
Royalties	(968,148)	(480,204)	(2,218,308)	(960,521)
	4,426,263	1,457,548	9,627,832	3,019,132
Expenses				
Operating	2,234,594	563,306	4,616,969	1,006,576
General and administrative	1,486,106	705,912	3,136,862	1,647,434
Antrim acquisition costs	–	1,007,155	–	1,007,155
Depletion and depreciation (Note 6)	1,912,054	615,421	4,037,066	1,070,323
Impairment (Note 12)	10,071,555	–	10,071,555	–
Share-based payments	160,863	537,602	705,209	867,957
Foreign exchange loss	17,238	27,379	97,967	30,486
	15,882,410	3,456,775	22,665,628	5,629,931
Results from operating activities	(11,456,147)	(1,999,227)	(13,037,796)	(2,610,799)
Finance income (expense)				
Interest income	52,609	96,575	107,211	175,810
Financing fees and bank charges	(85,202)	(39,987)	(226,741)	(60,393)
Accretion of decommissioning provision	(81,426)	(20,409)	(161,525)	(32,650)
Other income (Note 13)	6,588	–	1,534,222	–
Net loss for the period	(11,563,578)	(1,963,048)	(11,784,629)	(2,528,032)
Exchange differences on translation of foreign operations	(818,642)	534,601	(1,790,551)	1,807,628
Comprehensive loss for the period	$ (12,382,220)	$ (1,428,447)	$ (13,575,180)	$ (720,404)
Loss per share (Note 14)				
Basic and diluted	$ (0.11)	(0.03)	$ (0.11)	$ (0.04)

See accompanying notes to the condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONSENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Canadian dollars)

	For the six months ended	
	June 30 2013	May 31 2012
Share capital		
Balance, beginning of period	$ 107,387,933	$ 67,147,442
Private placement	–	13,086,155
Acquisition of Antrim	–	28,609,032
Exercise of stock options	–	531
Exercise of share purchase warrants	–	288,828
Expiry of share purchase warrants	(208,912)	(493,434)
Share issuance costs	–	(1,215,041)
Balance, end of period	107,179,021	107,423,513
Contributed surplus		
Balance, beginning of period	4,888,547	2,856,964
Expiry of share purchase warrants	208,912	493,434
Share-based payments	760,409	994,917
Transfer on exercise of stock options	–	(234)
Balance, end of period	5,857,868	4,345,081
Accumulated other comprehensive income		
Balance, beginning of period	(8,948,381)	(3,574,940)
Exchange differences on translation of foreign operations	(1,790,551)	1,807,628
Balance, end of period	(10,738,932)	(1,767,312)
Deficit		
Balance, beginning of period	(26,760,894)	(21,587,720)
Net loss for the period	(11,784,629)	(2,528,032)
Balance, end of period	(38,545,523)	(24,115,752)
Total Shareholders' Equity	$ 63,752,434	$ 85,885,530

See accompanying notes to the condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Canadian dollars)

	For the six months ended	
	June 30 2013	May 31 2012
Cash provided by (used in):		
Operating activities:		
Net loss for the period	$ (11,784,629)	$ (2,528,032)
Items not affecting cash:		
Depletion and depreciation	4,037,066	1,070,323
Impairment	10,071,555	–
Share-based payments	705,209	867,957
Unrealized foreign exchange loss (gain)	283,566	(489,453)
Accretion of decommissioning provision	161,525	32,650
	3,474,292	(1,046,555)
Change in non-cash working capital (Note 15)	(749,544)	942,015
	2,724,748	(104,540)
Investing activities:		
Property and equipment expenditures, net	(1,439,915)	(6,119,367)
Exploration and evaluation asset expenditures	(2,032,075)	(502,210)
Acquisition of Antrim, net of cash acquired	–	(2,815,087)
Change in other non-current assets	(603,470)	(69,580)
Change in non-cash working capital (Note 15)	(205,391)	3,401,857
	(4,280,851)	(6,104,387)
Financing activities:		
Share issuance proceeds, net of costs	–	12,160,239
Change in cash and cash equivalents	(1,556,103)	5,951,312
Foreign exchange effect on cash held in foreign currencies	(89,641)	442,407
Cash and cash equivalents, beginning of period	12,872,129	21,046,439
Cash and cash equivalents, end of period	$ 11,226,385	$ 27,440,158

See accompanying notes to the consolidated financial statements

1. REPORTING ENTITY:

Crown Point Energy Inc. ("Crown Point" or the "Company") was incorporated under the laws of British Columbia and continued under the laws of Alberta on July 27, 2012. Crown Point is based in Calgary, Alberta and is involved in the exploration for, and development and production of petroleum and natural gas in Argentina.

During 2012, Crown Point changed its financial year-end from August 31 to December 31. The second interim period following the change in year-end is the six months ended June 30, 2013. The comparative period is the six months ended May 31, 2012.

The Company's registered office is Suite 1600, 700 – 6th Street SW, Calgary, Alberta, T2P OT8.

2. BASIS OF PRESENTATION:

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standard 34 – Interim Financial Reporting.

The Company has consistently applied the same accounting policies throughout all periods presented except as noted below (Note 3). These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the four months ended December 31, 2012.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned Argentine subsidiaries, Crown Point Oil & Gas S.A., CanAmericas (Argentina) Energy Ltd. and Antrim Argentina S.A.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2013.

3. CHANGES IN ACCOUNTING POLICIES:

As disclosed in the Company's December 31, 2012 audited consolidated financial statements, on January 1, 2013, the Company adopted new standards for IFRS 10, "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IFRS 13 "Fair Value Measurement" as well as consequential amendments to IAS 28 "Investments in Associates and Joint Ventures". The adoption of these standards and amendments had no impact on the amounts recorded or disclosures included in the unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2013.

(Canadian dollars)

4. TRADE AND OTHER RECEIVABLES:

The Company's trade and other receivables consist of:

		June 30 2013		December 31 2012
Due from international oil and gas companies	$	1,634,450	$	1,054,544
Due from other Argentine companies		2,670,095		2,883,657
Other receivables		161,230		991,795
Impairment (Note 12)		(516,178)		–
Total trade and other receivables	$	3,949,597	$	4,929,996

The Company's trade and other receivables are aged as follows:

		June 30 2013		December 31 2012
Not past due (less than 90 days)	$	3,228,191	$	4,695,579
Past due (more than 90 days)		721,406		234,417
Total trade and other receivables	$	3,949,597	$	4,929,996

Trade and other receivables are subject to credit risk. During the six months ended June 30, 2013, the Company recognized an impairment charge of $516,178 related to trade and other receivables past due more than 90 days. See Note 12.

The Company did not impair any other trade and other receivables and or record an allowance for doubtful accounts in any previous periods.

5. EXPLORATION AND EVALUATION ASSETS (''E&E''):

Carrying amount, December 31, 2012	$	9,915,032
Additions		2,032,075
Impairment (Note 12)		(1,631,777)
Decommissioning changes		(15,960)
Effect of change in exchange rates		(399,342)
Carrying amount, June 30, 2013	$	9,900,028

E&E assets consist of the Company's intangible exploration projects in Argentina which are pending the determination of proven or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period. E&E assets are not depreciated or depleted.

The amounts capitalized as Argentina E&E assets at June 30, 2013 include $0.8 million of Value Added Tax ("VAT") (December 31, 2012 – $0.8 million). VAT is payable on goods and services supplied to the Company and is not recoverable from the Government of Argentina, however the Company is allowed to retain VAT on any sales that it collects to the extent of the VAT recorded and paid on previous expenditures.

(Canadian dollars)

6. PROPERTY AND EQUIPMENT:

	Argentina		Canada	
	Development and Production Assets	Other Assets	Other Assets	Total
	$	$	$	$
Cost:				
Balance at December 31, 2012	59,726,893	250,015	647,590	60,624,498
Additions	1,367,184	2,751	121,483	1,491,418
Decommissioning changes	(166,416)	–	–	(166,416)
Effect of change in exchange rates	(1,887,683)	(9,178)	–	(1,896,861)
Balance at June 30, 2013	59,039,978	243,588	769,073	60,052,639
Accumulated depletion and depreciation:				
Balance at December 31, 2012	6,917,524	83,784	238,398	7,239,706
Depletion and depreciation	3,801,241	27,090	127,686	3,956,017
Impairment (Note 12)	7,923,600	–	–	7,923,600
Effect of change in exchange rates	(316,250)	(3,495)	–	(319,745)
Balance at June 30, 2013	18,326,115	107,379	366,084	18,799,578
Net carrying amount:				
At December 31, 2012	52,809,369	166,231	409,192	53,384,792
At June 30, 2013	40,713,863	136,209	402,989	41,253,061

Capitalized amounts:

The amounts capitalized as D&P assets in Argentina during the six months ended June 30, 2013 include $453,158 of general and administrative costs and $55,200 of share-based compensation.

As at June 30, 2013, D&P assets in Argentina include $4.6 million of VAT (December 31, 2012 – $5.2 million).

Future development costs and salvage value:

The depletion expense calculation for the six months ended June 30, 2013 included $39.3 million (four months ended December 31, 2012 – $37.2 million) for estimated future development costs associated with proved and probable reserves in Argentina. The Company reduced the June 30, 2013 depletable amount by $0.7 million of estimated salvage value (December 31, 2012 – $0.8 million).

7. OTHER NON-CURRENT ASSETS:

	June 30 2013	December 31 2012
Interest-bearing bonds	$ 498,603	$ 566,894
Long-term receivables	901,840	264,289
	1,400,443	831,183
Current portion of interest-bearing bonds included in trade and other receivables	(103,460)	(111,418)
Total non-current assets	$ 1,296,983	$ 719,765

(Canadian dollars)

8. DEBT FACILITY:

Antrim Argentina has a development loan facility in the amount of ARS$26,800,000 (Cdn$5.2 million). Advances under the facility bear compensatory interest at 15.25% (the "Fixed Rate") and are repayable in 24 monthly installments commencing 396 days after the funds have been drawn by the Company. The loan may not be drawn until the Tierra del Fuego concession ten-year extension to 2026 has been approved, which occurred in July 2013 (see Note 17), and must be drawn in one sum on or before November 30, 2013.

As at June 30, 2013, the Company had not drawn on the loan.

9. DECOMMISSIONING PROVISION:

The Company's decommissioning provision results from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. A reconciliation of the decommissioning provision is provided below:

Balance, December 31, 2012	$	2,299,227
Accretion		161,525
Change in estimates		(182,376)
Effect of change in exchange rates		(87,736)
Balance, June 30, 2013	$	2,190,640

The Company's decommissioning provision is based on the following assumptions:

Undiscounted inflation-adjusted amount of cash flows	$5.4 million
Average risk-free interest rate in Argentina	17.6%
Inflation rate in Argentina	10.5%
Weighted average expected timing of cash flows	13 years

10. SHARE-BASED COMPENSATION:

On January 31, 2013, the Company granted 2,775,000 stock options to directors, officers and employees of the Company. The options are exercisable at $0.37 per share and expire January 31, 2018.

On May 1, 2013, the Company granted 100,000 stock options to the Company's corporate secretary. The options are exercisable at $0.26 per share and expire May 1, 2018.

One third of the options granted vest immediately and the remainder vest in equal tranches on the first and second year anniversaries of the grant date.

The grant date fair value of the options was $0.30 per option, estimated using the Black-Scholes pricing model calculations based on the following significant weighted average assumptions:

Risk-free interest rate	1.32%
Expected forfeitures	10%
Expected volatility	115%
Expected life	5 years
Dividends	nil

(Canadian dollars)

Stock option activity is summarized as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2012	4,990,000	$ 1.09
Granted	2,875,000	0.37
Balance, June 30, 2013	7,865,000	$ 0.82
Balance exercisable, June 30, 2013	5,109,982	$ 1.00

Stock options outstanding and exercisable at June 30, 2013 are as follows:

Expiry date	Exercise price	Outstanding	Exercisable
July 9, 2013	$ 0.60	180,000	180,000
July 18, 2013	0.60	30,000	30,000
May 15, 2014	0.89	520,000	520,000
October 7, 2014	0.70	150,000	150,000
February 23, 2015	0.86	25,000	25,000
June 9, 2015	1.22	620,000	620,000
June 24, 2015	1.22	50,000	50,000
March 18, 2016	1.96	885,000	885,000
June 9, 2016	1.98	100,000	100,000
August 2, 2016	1.70	50,000	33,333
October 19, 2016	1.25	150,000	100,000
May 1, 2017	0.78	1,845,000	1,229,994
May 31, 2017	0.78	150,000	100,000
June 15, 2017	0.58	150,000	100,000
August 1, 2017	0.40	285,000	94,998
January 31, 2018	0.37	2,575,000	858,324
May 1, 2018	0.26	100,000	33,333
		7,865,000	5,109,982

During the three and six months ended June 30, 2013, the Company recognized $174,313 and $760,409 (three and six months ended May 31, 2012 – $664,562 and $994,917), respectively, of share-based compensation. As at June 30, 2013, the remaining unvested share-based compensation was $576,591.

11. SHARE PURCHASE WARRANTS:

As at December 31, 2012, the Company had 1,305,698 Series B warrants exercisable at $1.50 per share outstanding, all of which expired in May 2013. As at June 30, 2013, the Company had no Series B warrants outstanding.

(Canadian dollars)

12. IMPAIRMENT:

	For the three months ended		For the six months ended	
	June 30 2013	May 31 2012	June 30 2013	May 31 2012
Trade and other receivables (a)	$ 516,178	$ –	$ 516,178	$ –
Exploration and evaluation assets (b)	1,631,777	–	1,631,777	–
Property and equipment (c)	7,923,600	–	7,923,600	–
	$ 10,071,555	$ –	$ 10,071,555	$ –

(a) Trade and other receivables

During the six months ended June 30, 2013, the Company evaluated the collectability of a certain receivable from an Argentine operator recognized $516,178 of impairment due to collectability concerns. The Company is currently in discussions with the operator in an attempt to collect the entire balance.

(b) Exploration and evaluation assets

During the six months ended June 30, 2013, the Company recognized $331,777 of impairment for the Cañadón Ramirez Concession as the Company has no current plans to allocate budget dollars to the Concession. The Company also recognized $1,300,000 of impairment related to the El Valle cash-generating unit ("CGU") as disclosed below in Note 12 (c).

(c) Property and equipment

During the six months ended June 30, 2013, the Company identified certain business risks related to its El Valle CGU, such as steeper natural production declines than forecast on some producing wells, increasing operating costs and the deferral of future capital investment, as indicators of impairment. As a result, the Company performed an impairment test at June 30, 2013.

Management estimated the recoverable amount of the El Valle CGU based on the higher of the fair value less costs to sell and its value in use. The estimated recoverable amount for the El Valle CGU was based on 15% discounted cash flows expected to be derived from the El Valle CGU's proved plus probable reserves based on a June 30, 2013 internal update of the externally prepared December 31, 2012 reserve report. This estimated recoverable amount was approximately $9,223,600 lower than the carrying amount at June 30, 2013 resulting in an impairment charge equal to this difference being recognized in the consolidated statement of loss and comprehensive loss. $7,923,600 of the impairment charge was allocated to property and equipment and $1,300,000 of the impairment charge was allocated to exploration and evaluation assets.

The following prices were used in the June 30, 2013 impairment test of the El Valle CGU:

Year	Average US$ price per barrel	Average Cdn$ price per barrel
2013 (remainder)	66.00	69.00
2014	71.00	75.00
2015	73.00	77.00
2016	74.00	78.00
2017	76.00	80.00
2018	76.00	80.00
2019 and thereafter	80.00	84.00

(Canadian dollars)

A 1% increase in the discount rate would increase the impairment charge by approximately $397,000; conversely, a 1% decrease in the discount rate would decrease the impairment charge by approximately $433,000. A 5% decline (improvement) in the forecasted oil price would increase (decrease) the impairment charge by approximately $891,000.

13. OTHER INCOME:

Other income for the three and six months ended June 30, 2013 is comprised of $nil and $1,200,189, respectively, of Petroleo Plus Credits and $6,588 and $334,033, respectively, of VAT recoveries.

Petroleo Plus Credits:

The Government of Argentina implemented the Petroleo Plus Program in 2008 to reward producers who materially increase oil reserves and production through drilling and development by issuing export tax credits ("Petroleo Plus Credits") that can be used to offset taxes on oil sold off shore at market price. Petroleo Plus Credits are transferrable and can be sold to other domestic oil exporters.

The Company recognizes revenue from the sale of Petroleo Plus Credits on a cash basis when proceeds are received. During the first quarter of 2013, the Company received proceeds of $1.2 million for the sale of Petroleo Plus Credits earned in previous years.

VAT recoveries:

In 2009, Antrim Argentina wrote off $1.1 million of VAT credits which were considered uncollectible at the time due to the tax free status of the Province of Tierra del Fuego ("TDF"). However, as a result of the decision of the Federal Government of Argentina in May 2012 to remove certain favourable tax laws pertaining to the Province of Tierra del Fuego, the Company is able to apply the credits against VAT now charged on TDF sales. During the three and six months ended June 30, 2013, the Company recognized $6,588 and $334,033, respectively, for the recovery of amounts previously estimated as unrecoverable.

14. PER SHARE AMOUNTS:

	For the three months ended		For the six months ended	
	June 30 2013	May 31 2012	June 30 2013	May 31 2012
Loss for the period	$ (11,563,578)	$ (1,963,048)	$ (11,784,629)	$ (2,528,032)
Basic weighted average number of shares:				
Issued common shares, beginning of period	104,515,222	68,627,432	104,515,222	54,689,907
Effect of shares issued	–	1,235,771	–	13,267,330
	104,515,222	69,863,203	104,515,222	67,957,237
Loss per share – basic and diluted	$ (0.11)	$ (0.03)	$ (0.11)	$ (0.04)

For the three and six months ended June 30, 2013 and May 31, 2012, all stock options and share purchase warrants were excluded from the diluted per share amounts as their effect was anti-dilutive.

15. SUPPLEMENTAL CASH FLOW INFORMATION:

Change in non-cash working capital items for the six months ended June 30, 2013 and May 31, 2012 are as follows:

		June 30 2013		May 31 2012
Trade and other receivables	$	464,221	$	265,712
Inventory		387,798		185,275
Prepaid expenses		(169,366)		(110,809)
Trade and other payables		(1,568,086)		3,934,635
Effect of change in exchange rates		(69,502)		69,059
	$	(954,935)	$	4,343,872
Attributable to:				
Operating activities		(749,544)		942,015
Investing activities		(205,391)		3,401,857
	$	(954,935)	$	4,343,872

The breakdown of the Company's cash and cash equivalents is as follows:

		June 30 2013		December 31 2012
Cash in bank	$	3,266,388	$	1,092,328
Short-term investments		7,959,997		11,779,801
	$	11,226,385	$	12,872,129

The Company did not pay any interest or taxes during the six months ended June 30, 2013 and May 31, 2012.

16. FOREIGN CURRENCY EXCHANGE RISK:

A substantial portion of the Company's exploration and development activities are conducted in foreign jurisdictions and a portion of the Company's cash and cash equivalents are denominated in US dollars (USD) and Argentina Pesos (ARS). The Company has not entered into foreign exchange rate contracts to mitigate this risk.

The following table provides information on the foreign currency denominated financial instruments held by the Company:

As at June 30, 2013	Balance denominated in				Total CDN $	
		USD		ARS		equivalents
Cash and cash equivalents	$	236,038	$	14,099,944	$	2,999,022
Trade and other receivables	$	3,345,495	$	2,113,674	$	3,929,164
Trade and other payables	$	(1,020,992)	$	(10,723,001)	$	(3,165,324)

The following table presents an estimate of the impact on net loss of the market risk factors discussed above and is calculated based on the noted change in exchange rates applied to balances as at June 30, 2013.

(Canadian dollars)

Sensitivity analysis	Change in exchange rates	Change in comprehensive loss for the six months ended June 30, 2013
Foreign exchange - effect of strengthening CAD$:		
USD denominated financial assets and liabilities	5%	$ 134,580
ARS denominated financial assets and liabilities	5%	$ 53,560

17. SUBSEQUENT EVENTS

(a) Approval of Tierra del Fuego Concessions

The Company's 25.78% working interest in the Tierra del Fuego area of Argentina covers approximately 489,000 acres (126,000 net acres) in the Austral Basin and includes the Las Violetas, Angostura Sur and Rio Cullen Exploitation Concessions. The primary term of all three licenses expires in November 2016, however the Company and its partners have negotiated a ten year extension (to November 2026) with the provincial government authorities of Tierra del Fuego which was approved by the provincial legislature in July 2013.

The key terms of the extensions are:

Las Violetas Exploitation Concession

- Cash payment: US$5 million (gross) (net US$1.3 million) paid in three equal installments commencing in July 2013 and subsequently in 180 day successive periods;
- Base royalty: increase from 12% to 15%;
- Variable royalty: 0.5% to a maximum of 2.5% (in 0.5% increments) with increasing oil and gas prices;
- Minimum total development investment commitment: US$46.9 million including 18 wells (gross) (net US$12.1 million) to be expended over the remaining life of the concession; and
- Minimum total exploration investment commitment: US$5.0 million (gross) (net US$1.25 million) to be expended over the next 60 months.

Rio Cullen and Angostura Exploitation Concessions

- Exploration commitment - Rio Cullen: US$3.3 million (gross) (net US$0.85 million), Angostura: US$3.8 million (gross) (net US$0.98 million) which in both cases includes seismic and drilling and is to be expended over a 24 month period;
- Base royalty: increase from 12% to 15%; and
- Variable royalty: 0.5% to 2.5% (in 0.5% increments) with increasing oil and gas prices.

After fulfillment of the exploration commitments, there is an additional minimum total additional investment commitment of US$1.8 million (gross) (net US$0.46 million) on each concession.

(b) Petroleo Plus Credits

Subsequent to June 30, 2013, the Company received two Petroleo Plus certificates totalling US$1.86 million of which US$0.84 million of sale proceeds were received in July 2013. The remaining US$1.02 million of sale proceeds are expected to be received in December 2013.

(Canadian dollars)

18. SEGMENTED INFORMATION:

The Company's one reportable operating segment is the acquisition, exploration and development of oil and gas properties. Geographic information is as follows:

	Canada	**Argentina**			**Total**
		El Valle	Tierra del Fuego	Total	
	$	$		$	$
June 30, 2013					
Assets	8,849,779	24,989,814	35,420,423	60,410,237	69,260,016
Liabilities	(152,510)	(1,890,687)	(3,464,385)	(5,355,072)	(5,507,582)
Three months ended June 30, 2013					
Revenue (1)	52,609	1,776,296	3,618,115	5,394,411	5,447,020
Impairment	–	10,071,555	–	10,071,555	10,071,555
Net income (loss)	(983,082)	(10,678,689)	98,193	(10,580,496)	(11,563,578)
Six months ended June 30, 2013					
Revenue (1)	107,211	5,316,144	7,730,185	13,046,329	13,153,540
Impairment	–	10,071,555	–	10,071,555	10,071,555
Net income (loss)	(2,451,430)	(10,268,531)	935,332	(9,333,199)	(11,784,629)
December 31, 2012					
Assets	12,792,732	36,096,721	34,862,007	70,958,728	83,751,460
Liabilities	(536,105)	(1,623,962)	(5,024,188)	(6,648,150)	(7,184,255)
Three months ended May 31, 2012					
Revenue (1)	96,575	1,937,752	–	1,937,752	2,034,327
Impairment	–	–	–	–	–
Net income (loss)	(1,885,859)	(77,189)	–	(77,189)	(1,963,048)
Six months ended May 31, 2012					
Revenue (1)	175,810	3,979,653	–	3,979,653	4,155,463
Impairment	–	–	–	–	–
Net income (loss)	(2,571,694)	43,662	–	43,662	(2,528,032)

(1) Represents interest income in Canada and oil and gas revenue and Petroleo Plus Credits in Argentina.