

CROWN POINT ENERGY INC.
Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2015
(Unaudited)

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(United States Dollars)

As at	March 31 2015	December 31 2014
Assets		
Current assets:		
Cash and cash equivalents (Note 14)	\$ 2,255,628	\$ 4,653,853
Trade and other receivables (Note 4)	3,047,519	3,242,145
Inventory	303,963	365,500
Prepaid expenses	1,230,588	926,260
Deposits (Note 8)	1,700,000	1,700,000
	<u>8,537,698</u>	<u>10,887,758</u>
Exploration and evaluation assets	14,939,378	14,828,994
Property and equipment (Note 5)	30,740,369	29,063,224
Other non-current assets (Note 6)	1,342,229	1,204,336
Deposit (Note 8)	1,585,000	1,585,000
	<u>\$ 57,144,674</u>	<u>\$ 57,569,312</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	\$ 4,578,091	\$ 5,015,307
Current portion of bank debt (Note 8)	3,163,481	3,297,250
	<u>7,741,572</u>	<u>8,312,557</u>
Bank debt (Note 8)	1,012,918	1,451,658
Decommissioning provision	2,129,617	2,109,424
	<u>10,884,107</u>	<u>11,873,639</u>
Shareholders' equity:		
Share capital (Note 9)	110,180,336	107,575,856
Contributed surplus	6,796,822	6,724,551
Accumulated other comprehensive loss	(17,877,045)	(17,412,508)
Deficit	(52,839,546)	(51,192,226)
	<u>46,260,567</u>	<u>45,695,673</u>
	<u>\$ 57,144,674</u>	<u>\$ 57,569,312</u>

Reporting entity and going concern (Note 1)
Subsequent events (Note 16)
Segmented information (Note 17)

See accompanying notes to condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three months ended March 31

(Unaudited)

(United States Dollars)

	2015	2014
Revenue		(Note 3)
Oil and gas	\$ 4,042,683	\$ 3,443,793
Royalties	(715,714)	(562,253)
	3,326,969	2,881,540
Expenses		
Operating	1,486,983	1,238,012
General and administrative	1,120,012	1,151,790
Depletion and depreciation	1,445,986	1,099,647
Share-based payments (Note 10)	68,395	57,746
Foreign exchange (gain) loss	(267,810)	797,947
	3,853,566	4,345,142
Results from continuing operating activities	(526,597)	(1,463,602)
Net finance expense (Note 12)	(395,827)	(263,352)
Other expenses (Note 13)	(724,896)	-
Net loss from continuing operations	(1,647,320)	(1,726,954)
Net loss from discontinued operations, net of tax (Note 3)	-	(109,751)
Net loss for the period	(1,647,320)	(1,836,705)
Exchange differences on translation of the Canadian parent company	(464,537)	(237,058)
Comprehensive loss for the period	\$ (2,111,857)	\$ (2,073,763)
Net loss per share from continuing operations	\$ (0.01)	\$ (0.02)
Net loss per share from discontinued operations	\$ -	\$ -
Net loss per share	\$ (0.01)	\$ (0.02)
Weighted average shares outstanding - basic and diluted	132,515,466	104,515,222

See accompanying notes to condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31

(Unaudited)

(United States Dollars)

	2015	2014
Share capital		
Balance, beginning of period	\$ 107,575,856	\$ 101,334,798
Issuance of share capital, net of costs (Note 9)	2,604,480	-
Balance, end of period	110,180,336	101,334,798
Contributed surplus		
Balance, beginning of period	6,724,551	6,113,152
Share-based payments (Note 10)	72,271	60,074
Balance, end of period	6,796,822	6,173,226
Accumulated other comprehensive loss		
Balance, beginning of period	(17,412,508)	(16,992,986)
Exchange differences on translation of Canadian parent company	(464,537)	(237,058)
Balance, end of period	(17,877,045)	(17,230,044)
Deficit		
Balance, beginning of period	(51,192,226)	(35,756,626)
Net loss	(1,647,320)	(1,836,705)
Balance, end of period	(52,839,546)	(37,593,331)
Total shareholders' equity	\$ 46,260,567	\$ 52,684,649

See accompanying notes to condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN CASH FLOWS

For the three months ended March 31

(Unaudited)

(United States Dollars)

	2015	2014
Operating:		(Note 3)
Net loss from continuing operations	\$ (1,647,320)	\$ (1,726,954)
Items not affecting cash:		
Depletion and depreciation	1,445,986	1,099,647
Share-based payments	68,395	57,746
Unrealized foreign exchange loss (gain)	(34,824)	1,026,969
Interest expense	234,823	128,902
Accretion of decommissioning provision	11,571	13,704
	78,631	600,014
Change in non-cash working capital (Note 14)	(230,686)	119,567
Operating cash flows (used in) from continuing operations	(152,055)	719,581
Operating cash flows from discontinued operations (Note 3)	-	154,806
	(152,055)	874,387
Financing:		
Repayment of bank debt	(395,907)	-
Interest expense	(234,823)	(128,902)
Proceeds from share issuance, net of costs	2,604,480	-
	1,973,750	(128,902)
Investing:		
Exploration and evaluation expenditures	(110,384)	(1,740,656)
Property and equipment expenditures, net	(3,080,149)	(573,299)
Change in other non-current assets	(183,534)	(300,565)
Change in non-cash working capital (Note 14)	(263,963)	(414,258)
Investing cash flows used in continuing operations	(3,638,030)	(3,028,778)
Investing cash flows from discontinued operations (Note 3)	-	199,110
	(3,638,030)	(2,829,668)
Change in cash and cash equivalents	(1,816,335)	(2,084,183)
Foreign exchange effect on cash held in foreign currencies	(581,890)	(1,812,625)
Cash and cash equivalents, beginning of period	4,653,853	13,375,605
Cash and cash equivalents, end of period	\$ 2,255,628	\$ 9,478,797

See accompanying notes to condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2015

(Unaudited)

(United States dollars)

1. REPORTING ENTITY AND GOING CONCERN:

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.

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

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. During the three months ended March 31, 2015, the Company incurred a net loss of approximately \$1.6 million. As at March 31, 2015, the Company has working capital of approximately \$0.8 million and significant future capital commitments to develop its properties.

In April 2015, the Company received \$5.8 million of financing proceeds as disclosed in Note 16(a).

The ability of the Company to continue as a going concern and the recoverability of its assets is dependent upon the existence of economically recoverable reserves and upon the Company's ability to obtain additional financing to continue the development of the Company's properties and generate funds therefrom and to meet current and future obligations. The need to obtain capital to fund the existing and ongoing operations creates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, expenses and the statements of financial position classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

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. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2014.

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 May 22, 2015.

3. DISCONTINUED OPERATIONS:

On June 30, 2014, the Company completed the disposition of its 50% interest in the El Valle Exploitation Concession. As the cash flows of El Valle are clearly distinguished, both operationally and for financial reporting purposes, from the rest of the entity, the financial performance of El Valle for both the current and comparative periods have been presented separately as discontinued operations in the consolidated statements of loss and comprehensive loss and statement of cash flows.

The presentation of figures for the comparative three months ended March 31, 2014 has been changed to reflect the impact of discontinued operations.

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For the three months ended March 31, 2015

(Unaudited)

(United States dollars)

The reported net loss from the discontinued operations of El Valle for the three months ended March 31, 2014 is comprised of the following:

Oil and natural gas revenue	\$	999,632
Royalties		(265,605)
Operating expenses		(371,189)
Depletion and depreciation		(263,279)
Foreign exchange loss		(208,032)
Accretion of decommissioning provision		(1,278)
Net loss from discontinued operations, net of tax	\$	(109,751)

The cash flows from the discontinued operations of El Valle for the three months ended March 31, 2014 are as follows:

Net loss from discontinued operations, net of tax	\$	(109,751)
Depletion and depreciation		263,279
Accretion of decommissioning provision		1,278
Operating cash flows from discontinued operations	\$	154,806
Investing cash flows from discontinued operations	\$	199,110

4. TRADE AND OTHER RECEIVABLES:

The Company's trade and other receivables consist of:

	March 31 2015	December 31 2014
Due from Argentine companies	\$ 2,887,055	\$ 3,078,914
Other receivables	407,464	410,231
Impairment	(247,000)	(247,000)
Total trade and other receivables	\$ 3,047,519	\$ 3,242,145

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

	March 31 2015	December 31 2014
Not past due (less than 90 days)	\$ 2,779,781	\$ 2,973,977
Past due (more than 90 days)	267,738	268,168
Total trade and other receivables	\$ 3,047,519	\$ 3,242,145

The Company's trade and other receivables are subject to credit risk. The Company's trade and other receivables include amounts due from the sale of crude oil and natural gas. The majority of the Company's oil production is sold by the Company to the Argentina subsidiary of a major international oil and natural gas company; the majority of the Company's natural gas production is sold by the Company to several Argentine companies.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited)

(United States dollars)

5. PROPERTY AND EQUIPMENT:

	Argentina		Canada	
	Development and Production		Other Assets	Total
	Assets	Other Assets		
	\$	\$	\$	\$
Cost:				
Balance at December 31, 2014	40,173,287	522,041	699,807	41,395,135
Additions	3,060,346	363	23,316	3,084,025
Decommissioning changes	8,622	–	–	8,622
Effect of change in exchange rates	–	–	(59,327)	(59,327)
Balance at March 31, 2015	43,242,255	522,404	663,796	44,428,455
Accumulated depletion and depreciation:				
Balance at December 31, 2014	11,700,526	254,937	376,448	12,331,911
Depletion and depreciation	1,350,114	22,301	15,738	1,388,153
Effect of change in exchange rates	–	–	(31,978)	(31,978)
Balance at March 31, 2015	13,050,640	277,238	360,208	13,688,086
Net carrying amount:				
At December 31, 2014	28,472,761	267,104	323,359	29,063,224
At March 31, 2015	30,191,615	245,166	303,588	30,740,369

The amounts capitalized as development and production (“D&P”) assets in Argentina during the three months ended March 31, 2015 include \$57,311 of general and administrative costs and \$3,876 of share-based compensation (three months ended March 31, 2014 – \$34,032 and \$2,328, respectively).

As at March 31, 2015, D&P assets in Argentina include \$2.8 million of VAT (December 31, 2014 – \$3.0 million). See Note 7.

The March 31, 2015 depletion expense calculation included \$33.8 million (December 31, 2014 – \$36.1 million) for estimated future development costs associated with proved and probable reserves in Argentina.

6. OTHER NON-CURRENT ASSETS:

	March 31 2015	December 31 2014
Interest-bearing bonds	\$ 200,171	\$ 221,930
Long-term receivables	1,201,890	1,044,767
	1,402,061	1,266,697
Current portion of interest-bearing bonds included in trade and other receivables	(59,832)	(62,361)
Total non-current assets	\$ 1,342,229	\$ 1,204,336

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(United States dollars)

7. VAT:

	March 31 2015	December 31 2014
Included in prepaid expenses	\$ 123,141	\$ 2,262
Included in exploration and evaluation assets	1,408,894	1,406,578
Included in property and equipment (Note 5)	2,813,354	2,982,033
	\$ 4,345,389	\$ 4,390,873

8. BANK DEBT:

	March 31 2015	December 31 2014
Development loan facility (a)	\$ 2,532,296	\$ 3,035,283
Loan facility (b)	1,644,103	1,713,625
	4,176,399	4,748,908
Current portion of bank debt	(3,163,481)	(3,297,250)
	\$ 1,012,918	\$ 1,451,658

- (a) The Company has an ARS denominated development loan facility with HSBC Argentina which bears interest at 15.25% per annum, calculated and paid monthly. The loan principal is repayable in monthly installments of ARS 1,116,667 until December 8, 2016 and is secured by a USD denominated guaranteed investment certificate ("GIC") in the amount of \$1,585,000 on deposit with a major Canadian financial institution.

As at March 31, 2015, the balance owing under the development loan facility was ARS 22,333,332 (\$2,532,296) (December 31, 2014 – ARS 25,683,333 (\$3,035,283)).

- (b) The Company obtained a second ARS denominated loan facility in the amount of ARS 14,500,000 in November 2014. ARS 6,000,000 bears interest at 30.5% per annum and is repayable on April 12, 2015 and ARS 8,500,000 bears interest at 34% per annum and is repayable on October 16, 2015. Interest is calculated and paid monthly. The loan is secured by a USD denominated GIC in the amount of \$1,700,000 on deposit with a major Canadian financial institution.

As at March 31, 2015, the balance owing under the loan facility was ARS 14,500,000 (\$1,644,103) (December 31, 2014 – ARS 14,500,000 (\$1,713,625)). Subsequent to March 31, 2015, the Company repaid the entire balance owing and the GIC held as security was released. See Note 16(b).

During the three months ended March 31, 2015, the Company recognized \$234,823 (three months ended March 31, 2014 – \$128,902) of interest expense on bank debt.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited)

(United States dollars)

9. SHARE CAPITAL:

	Number of common shares	Amount
Balance, December 31, 2014	130,480,926	\$ 107,575,856
Strategic financing	10,710,640	2,677,660
Share issue costs	–	(73,180)
Balance, March 31, 2015	141,191,566	\$ 110,180,336

The Company entered into an Investment Agreement dated November 16, 2014 and amended and restated as of December 19, 2014 with two investors (the "Strategic Investors") pursuant to which the Strategic Investors subscribed for 25,965,704 common shares for aggregate gross proceeds of \$6,491,426 in December 2014 and a second tranche (the "Second Tranche") of 34,034,296 common shares for gross proceeds of \$8,508,574 completed in March and April 2015.

In March 2015, the Company received \$2,677,660 of proceeds upon the issuance of 10,710,640 common shares to the Strategic Investors at an issue price of \$0.25 (CAD \$0.32) per share. The proceeds were received through the payment of (i) ARS 7.0 million based on the USD to ARS exchange rate of Banco de la Nación Argentina at the close of business on February 26, 2015, being \$1.00 = ARS 8.721, and (ii) ARS 16.48 million based on the USD to ARS exchange rate of Banco de la Nación Argentina at the close of business on March 18, 2015, being \$1.00 = ARS 8.791.

In April 2015, the Company received the remaining \$5,830,914 of Second Tranche proceeds upon the issuance of 23,323,656 common shares. See Note 16(a).

10. SHARE-BASED PAYMENTS:

During the three months ended March 31, 2015 and 2014, the Company recognized the following share-based compensation:

For the three months ended March 31	2015	2014
Expensed	\$ 68,395	\$ 57,746
Capitalized as D&P assets (Note 5)	3,876	2,328
	\$ 72,271	\$ 60,074

As at March 31, 2015, the remaining unvested balance of share-based payments was \$110,465.

Stock option activity during the three months ended March 31, 2015 is summarized below:

	Number of options	Weighted average exercise price (CAD)
Balance, December 31, 2014	8,160,000	\$ 0.83
Expired	(25,000)	(0.86)
Balance, March 31, 2015	8,135,000	\$ 0.83
Balance exercisable, March 31, 2015	7,269,445	\$ 0.88

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited)

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Stock options outstanding and exercisable at March 31, 2015 are as follows:

Expiry date	Exercise Price (CAD)	Outstanding	Exercisable
May 15, 2015	\$ 0.97	670,000	670,000
June 9, 2015	1.22	395,000	395,000
June 24, 2015	1.22	50,000	50,000
March 18, 2016	1.96	785,000	785,000
June 9, 2016	1.98	100,000	100,000
October 19, 2016	1.25	150,000	150,000
May 1, 2017	0.78	1,710,000	1,710,000
May 31, 2017	0.78	150,000	150,000
June 15, 2017	0.58	150,000	150,000
August 1, 2017	0.40	285,000	285,000
January 31, 2018	0.37	2,341,667	2,341,667
May 1, 2018	0.26	100,000	66,667
May 9, 2019	0.87	1,248,333	416,111
		8,135,000	7,269,445

11. PER SHARE AMOUNTS:

For the three months ended March 31	2015	2014
Net loss from continuing operations	\$ (1,647,320)	\$ (1,726,954)
Net loss from discontinued operations	–	(109,751)
Net loss	\$ (1,647,320)	\$ (1,836,705)
Opening number of shares	130,480,926	104,515,222
Effect of shares issued (Note 9)	2,034,540	–
Basic weighted average number of shares	132,515,466	104,515,222
Basic and diluted per share amounts:		
Net loss from continuing operations	\$ (0.01)	\$ (0.02)
Net loss from discontinued operations	–	–
Net loss	\$ (0.01)	\$ (0.02)

For the three months ended March 31, 2015 and 2014, all stock options were excluded from the diluted per share amounts as their effect was anti-dilutive.

12. NET FINANCE EXPENSE:

For the three months ended March 31	2015	2014
Interest income	\$ 12,562	\$ 36,948
Financing fees and bank charges	(161,995)	(157,694)
Interest on bank debt (Note 8)	(234,823)	(128,902)
Accretion of decommissioning provision	(11,571)	(13,704)
	\$ (395,827)	\$ (263,352)

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2015

(Unaudited)

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13. OTHER EXPENSES:

During the three months ended March 31, 2015, the Company incurred \$724,896 of special meeting expenses in response to actions by a dissident shareholder, which resulted in the preparation of various documents in advance of the special meeting of shareholders held on February 24, 2015.

14. SUPPLEMENTAL CASH FLOW INFORMATION:

(a) Change in non-cash working capital items:

For the three months ended March 31	2015		2014	
Trade and other receivables	\$	194,626	\$	377,409
Inventory		3,704		47,095
Prepaid expenses		(304,328)		187,716
Trade and other payables		(437,216)		(920,573)
Effect of change in exchange rates		48,565		13,662
	\$	(494,649)	\$	(294,691)
Attributable to:				
Operating activities	\$	(230,686)	\$	119,567
Investing activities		(263,963)		(414,258)
	\$	(494,649)	\$	(294,691)

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

	March 31		December 31	
	2015		2014	
Cash in bank	\$	1,252,935	\$	2,128,449
Short-term investments		1,002,693		2,525,404
	\$	2,255,628	\$	4,653,853

(c) During the three months ended March 31, 2015, the Company paid \$234,823 (three months ended March 31, 2014 – \$128,902) of interest expense on bank debt (Note 8).

15. FOREIGN CURRENCY EXCHANGE RATE 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 CAD and ARS. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

(a) Foreign currency denominated financial instruments held by the Company:

March 31, 2015	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash and cash equivalents	\$ 122,226	\$ 10,942,026	\$ 1,337,175
Trade and other receivables	\$ 103,050	\$ 3,343,510	\$ 460,467
Interest-bearing bonds	\$ –	\$ 1,237,705	\$ 140,339
Trade and other payables	\$ (461,729)	\$ (26,184,244)	\$ (3,333,473)
Bank debt	\$ –	\$ (36,833,332)	\$ (4,176,399)

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As at December 31, 2014	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash and cash equivalents	\$ 788,826	\$ 16,575,469	\$ 2,638,851
Trade and other receivables	\$ 40,577	\$ 3,462,201	\$ 444,139
Interest-bearing bonds	\$ –	\$ 1,350,224	\$ 159,569
Trade and other payables	\$ (733,736)	\$ (21,717,012)	\$ (3,199,017)
Bank debt	\$ –	\$ (40,183,333)	\$ (4,748,908)

(b) Currency devaluation

Currency devaluation in Argentina impacts the cost of ARS denominated items which are translated to the USD functional currency of the Argentine subsidiaries. A portion of TDF operating costs and general and administrative expenses incurred in Argentina are denominated in ARS. During the three months ended March 31, 2015, the devaluation of ARS resulted in lower TDF operating costs and general and administrative expenses incurred in Argentina by approximately 2% (three months ended March 31, 2014 – 9%).

During the three months ended March 31, 2015, the devaluation of ARS resulted in a reduction in the USD equivalent of ARS denominated foreign currency denominated financial instruments, excluding bank debt, by approximately \$26,000 (December 31, 2014 – \$800,000).

During the three months ended March 31, 2015, the devaluation of ARS resulted in a reduction in the USD equivalent of ARS denominated bank debt by \$176,602 (three months ended March 31, 2014 – \$767,857).

(c) Sensitivity analysis

The following table presents an estimate of the impact on net loss for the market risk factors discussed above and is calculated based on the noted change in exchange rates applied to balances as at March 31, 2015:

	Change in exchange rates	Three months ended March 31 2015
Market risk		
Foreign exchange - effect of strengthening USD:		
CAD denominated financial assets and liabilities	5%	\$ 9,300
ARS denominated financial assets and liabilities	5%	\$ 269,300

16. SUBSEQUENT EVENTS:

- (a) In April 2015, the Company completed the Second Tranche of a strategic financing through the issuance of 23,323,656 common shares to the Strategic Investors at an issue price of \$0.25 (CAD \$0.32) per share for gross proceeds of \$5,830,914. The proceeds were ARS 51.6 million based on the USD to ARS exchange rate of Banco de la Nación Argentina at the close of business on April 9, 2015, being \$1.00 = ARS 8.845.
- (b) In April 2015, the Company repaid the entire ARS 14,500,000 (\$1,644,103) outstanding under the second loan facility with HSBC Argentina. The related \$1.7 million GIC provided to HSBC Argentina as security was released to the Company in May 2015. See Note 8(b).
- (c) Effective April 27, 2015, the Company signed an agreement (the "Agreement") with the Province of Mendoza to amend the terms governing the Company's 100% interest in the Cerro de Los Leones concession. Pursuant to the Agreement, the Company will, effective May 22, 2015, relinquish certain acreage which has been either sterilized because of environmental considerations or restricted/prohibited access or deemed non-prospective by the Company. The relinquishments will reduce the acreage of the Permit to approximately 100,907 acres and the remaining work units to approximately 780, thereby reducing the remaining Period 1 expenditure commitment to \$3.9 million which will then be transferred to Period 2. As a result, Period 2 commitments will increase from

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\$750,000 to \$4.6 million plus one exploration well which must be incurred and drilled by May 2017 or, at the Company's request, May 2018.

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(United States dollars)

17. SEGMENTED INFORMATION:

The Company's reportable segments are organized by activity type and geographic area. Activity types are (1) the acquisition, exploration and development of oil and gas properties in Argentina and (2) Canadian and Argentine corporate operations. Within Argentina, the Company has two operating segments: the Tierra del Fuego area ("TDF") and E&E Concessions ("E&E"), which includes areas under exploration and evaluation. The El Valle area was sold on June 30, 2014 and is represented as discontinued operations elsewhere in these consolidated financial statements. The concessions in the Tierra del Fuego area are joint operations.

The following tables present information regarding the Company's reportable segments:

	Canada ⁽¹⁾	Argentina					Total
		TDF	E&E	El Valle ⁽²⁾	Corporate	Total	
March 31, 2015	\$	\$	\$	\$	\$	\$	\$
Exploration and evaluation assets	-	-	14,939,378	-	-	14,939,378	14,939,378
Property and equipment	303,588	30,191,615	-	-	245,166	30,436,781	30,740,369
Total assets	4,735,846	33,132,118	14,939,378	-	4,337,332	52,408,828	57,144,674
Total liabilities	(364,536)	(8,224,028)	(537,480)	-	(1,758,063)	(10,519,571)	(10,884,107)
Three months ended March 31, 2015							
Revenue ⁽³⁾	12,562	4,042,683	-	-	-	4,042,683	4,055,245
Net income (loss) from continuing operations	-	185,944	-	-	(1,833,264)	(1,647,320)	(1,647,320)
Net loss from discontinued operations	-	-	-	-	-	-	-
Net income (loss)	-	185,944	-	-	(1,833,264)	(1,647,320)	(1,647,320)

	Canada ⁽¹⁾	Argentina					Total
		TDF	E&E	El Valle ⁽²⁾	Corporate	Total	
December 31, 2014	\$	\$	\$	\$	\$	\$	\$
Exploration and evaluation assets	-	-	14,828,994	-	-	14,828,994	14,828,994
Property and equipment	323,359	28,472,761	-	-	267,104	28,739,865	29,063,224
Total assets	6,371,642	31,783,862	14,828,994	-	4,584,814	51,197,670	57,569,312
Total liabilities	(632,480)	(9,129,628)	(546,525)	-	(1,565,006)	(11,241,159)	(11,873,639)
Three months ended March 31, 2014							
Revenue ⁽³⁾	36,948	3,443,793	-	-	-	3,443,793	3,480,741
Net income (loss) from continuing operations	(587,118)	434,347	-	-	(1,574,183)	(1,139,836)	(1,726,954)
Net loss from discontinued operations	-	-	-	(109,751)	-	(109,751)	(109,751)
Net income (loss)	(587,118)	434,347	-	(109,751)	(1,574,183)	(1,249,587)	(1,836,705)

⁽¹⁾ Canada is comprised of corporate assets only. ⁽²⁾ Discontinued operations. ⁽³⁾ Represents interest income in Canada and oil and gas revenue in Argentina.