

CROWN POINT ENERGY INC.
Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2016
(Unaudited)

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

(Unaudited)
(United States Dollars)

As at	September 30 2016	December 31 2015
Assets		
Current assets:		
Cash and cash equivalents (Note 17)	\$ 474,813	\$ 1,053,847
Short-term bonds (Note 4)	-	307,672
Trade and other receivables (Note 5)	2,174,996	1,648,539
Inventory	580,660	727,427
Prepaid expenses	783,912	731,327
Deposits (Note 10)	595,000	800,000
	4,609,381	5,268,812
Exploration and evaluation assets (Note 6)	8,701,802	7,731,691
Property and equipment (Note 7)	27,765,439	32,250,082
Other non-current assets (Note 8)	979,004	917,210
Deposits (Note 10)	700,000	1,030,000
	\$ 42,755,626	\$ 47,197,795
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	\$ 2,323,966	\$ 3,463,267
Current portion of bank debt (Note 10)	1,191,699	1,162,717
	3,515,665	4,625,984
Bank debt (Note 10)	591,651	1,253,469
Decommissioning provision (Note 11)	3,595,329	3,148,251
Deferred tax liability (Note 15)	1,274,000	-
	8,976,645	9,027,704
Shareholders' equity:		
Share capital	116,003,355	116,003,355
Contributed surplus	6,887,166	6,854,813
Accumulated other comprehensive loss	(18,007,961)	(18,122,491)
Deficit	(71,103,579)	(66,565,586)
	33,778,981	38,170,091
	\$ 42,755,626	\$ 47,197,795

Reporting entity and going concern (Note 1)
Commitments (Note 20)
Subsequent events (Note 21)

See accompanying notes to condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(United States Dollars)

	For the three months ended September 30		For the nine months ended September 30	
	2016	2015	2016	2015
Revenue				
Oil and gas (Note 18)	\$ 2,993,957	\$ 3,447,010	\$ 10,448,351	\$ 11,376,759
Royalties	(562,618)	(595,293)	(1,909,121)	(1,982,298)
	2,431,339	2,851,717	8,539,230	9,394,461
Expenses				
Operating	1,171,814	1,507,078	3,840,552	4,414,144
General and administrative	759,860	1,132,134	2,295,180	3,671,114
Depletion and depreciation	1,565,236	1,473,369	5,035,328	4,336,870
Share-based payments	-	27,585	30,226	128,107
Foreign exchange (gain) loss	11,167	(271,869)	(111,451)	(723,282)
	3,508,077	3,868,297	11,089,835	11,826,953
Results from operating activities	(1,076,738)	(1,016,580)	(2,550,605)	(2,432,492)
Net finance expense (Note 13)	(186,539)	(269,109)	(625,573)	(894,913)
Other expenses (Note 14)	(126,591)	(337,457)	(87,815)	(1,013,132)
Loss before taxes	(1,389,868)	(1,623,146)	(3,263,993)	(4,340,537)
Deferred tax recovery (expense) (Note 15)	25,000	-	(1,274,000)	-
Net loss	(1,364,868)	(1,623,146)	(4,537,993)	(4,340,537)
Exchange differences on translation of the Canadian parent company	(22,124)	(224,042)	114,530	(624,138)
Comprehensive loss	\$ (1,386,992)	\$ (1,847,188)	\$ (4,423,463)	\$ (4,964,675)
Net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average shares outstanding - basic and diluted (Note 16)	164,515,222	164,515,222	164,515,222	152,855,201

See accompanying notes to condensed interim consolidated financial statements.

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

For the nine months ended September 30

(Unaudited)

(United States Dollars)

For the nine months ended September 30	2016	2015
Share capital		
Balance, January 1	\$ 116,003,355	\$ 107,575,856
Issuance of share capital, net of costs	-	8,427,499
Balance, September 30	116,003,355	116,003,355
Contributed surplus		
Balance, January 1	6,854,813	6,724,551
Share-based payments	32,353	132,231
Balance, September 30	6,887,166	6,856,782
Accumulated other comprehensive loss		
Balance, January 1	(18,122,491)	(17,412,508)
Exchange differences on translation of Canadian parent company	114,530	(624,138)
Balance, September 30	(18,007,961)	(18,036,646)
Deficit		
Balance, January 1	(66,565,586)	(51,192,226)
Net loss	(4,537,993)	(4,340,537)
Balance, September 30	(71,103,579)	(55,532,763)
Total shareholders' equity	\$ 33,778,981	\$ 49,290,728

See accompanying notes to condensed interim consolidated financial statements.

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

For the nine months ended September 30
(Unaudited)
(United States Dollars)

For the nine months ended September 30	2016	2015
Operating:		
Net loss	\$ (4,537,993)	\$ (4,340,537)
Items not affecting cash:		
Depletion and depreciation	5,035,328	4,336,870
Share-based payments	30,226	128,107
Unrealized foreign exchange (gain) loss	(163,678)	84,925
Interest expense	383,563	455,632
Accretion of decommissioning provision	46,073	35,124
Fair value adjustment on short-term bonds	3,471	(6,666)
Other income	(38,776)	(169,052)
Deferred tax expense	1,274,000	-
	2,032,214	524,403
Change in non-cash working capital (Note 17)	(913,114)	(371,101)
Operating cash flows	1,119,100	153,302
Financing:		
Bank debt proceeds, net of repayment	(236,491)	(1,723,259)
Proceeds from return of deposits	535,000	1,700,000
Interest expense	(383,563)	(455,632)
Proceeds from share issuance, net of costs	-	8,427,499
Financing cash flows	(85,054)	7,948,608
Investing:		
Proceeds from the sale of short-term bonds	304,201	-
Exploration and evaluation - expenditures	(961,850)	(805,437)
Property and equipment - expenditures	(1,308,688)	(7,682,592)
Property and equipment - VAT recoveries	1,161,852	-
Change in other non-current assets	(201,518)	(149,569)
Change in non-cash working capital (Note 17)	(625,254)	(1,499,899)
Investing cash flows	(1,631,257)	(10,137,497)
Change in cash and cash equivalents	(597,211)	(2,035,587)
Foreign exchange effect on cash held in foreign currencies	18,177	(979,703)
Cash and cash equivalents, January 1	1,053,847	4,653,853
Cash and cash equivalents, September 30	\$ 474,813	\$ 1,638,563

See accompanying notes to condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2016

(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 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 nine months ended September 30, 2016, the Company incurred a net loss of approximately \$4.5 million. As at September 30, 2016, the Company has working capital of approximately \$1.1 million and significant future capital commitments to develop its properties.

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 there from 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 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:

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, including International Accounting Standard 34 – Interim Financial Reporting.

The Company has consistently applied the same accounting policies throughout all periods presented (see 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 year ended December 31, 2015.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 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 November 9, 2016.

3. CHANGES IN ACCOUNTING STANDARDS:

On January 1, 2016, the Company adopted amendments to *IFRS 11 Joint Arrangements*. The adoption of these amendments had no impact on the amounts recorded in the condensed interim consolidated financial statements for the three and nine months ended September 30, 2016.

4. SHORT-TERM BONDS:

	September 30 2016	December 31 2015
Bonad 2018	\$ –	\$ 52,583
Bonar 2024	–	255,089
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	\$ –	\$ 307,672

The Company sold the short-term bonds in February 2016 for net proceeds of \$304,201.

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2016

(Unaudited)

(United States dollars)

5. TRADE AND OTHER RECEIVABLES:

The Company's trade and other receivables consist of:

	September 30 2016	December 31 2015
Due from Argentine companies	\$ 2,410,385	\$ 1,859,803
Other receivables	45,670	108,571
Impairment	(281,059)	(319,835)
Total trade and other receivables	\$ 2,174,996	\$ 1,648,539

During the nine months ended September 30, 2016, the Company recovered \$38,776 of a \$319,835 receivable due from an Argentine operator. The Company had recognized \$118,211 of impairment of the receivable during the nine months ended September 30, 2015 due to collectability concerns.

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

	September 30 2016	December 31 2015
Not past due (less than 90 days)	\$ 2,095,894	\$ 1,575,505
Past due (more than 90 days)	79,102	73,034
Total trade and other receivables	\$ 2,174,996	\$ 1,648,539

6. EXPLORATION AND EVALUATION ASSETS ("E&E"):

Carrying amount, December 31, 2015	\$ 7,731,691
Additions	963,229
Decommissioning changes (Note 11)	6,882
Carrying amount, September 30, 2016	\$ 8,701,802

Capitalized amounts:

The amounts capitalized as exploration and evaluation assets in Argentina during the nine months ended September 30, 2016 include \$187,959 of general and administrative costs and \$1,379 of share-based compensation (nine months ended September 30, 2015 – \$nil and \$nil, respectively).

CROWN POINT ENERGY INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2016

(Unaudited)

(United States dollars)

7. PROPERTY AND EQUIPMENT:

	Argentina		Canada	
	Development and Production		Other Assets	Total
	Assets	Other Assets		
Cost:	\$	\$	\$	\$
Balance at December 31, 2015	49,394,986	573,574	607,464	50,576,024
Additions	1,224,085	85,351	–	1,309,436
VAT recoveries (Note 9)	(1,161,852)	–	–	(1,161,852)
Decommissioning changes (Note 11)	394,123	–	–	394,123
Effect of change in exchange rates	–	–	33,547	33,547
Balance at September 30, 2016	49,851,342	658,925	641,011	51,151,278
Accumulated depletion and depreciation:				
Balance at December 31, 2015	17,590,236	363,522	372,184	18,325,942
Depletion and depreciation	4,861,562	133,581	43,896	5,039,039
Effect of change in exchange rates	–	–	20,858	20,858
Balance at September 30, 2016	22,451,798	497,103	436,938	23,385,839
Net carrying amount:				
At December 31, 2015	31,804,750	210,052	235,280	32,250,082
At September 30, 2016	27,399,544	161,822	204,073	27,765,439

Capitalized amounts:

The amounts capitalized as D&P assets in Argentina during the nine months ended September 30, 2016 include \$154,477 of general and administrative costs and \$748 of share-based compensation (nine months ended September 30, 2015 – \$235,591 and \$4,124, respectively).

Future development costs:

The September 30, 2016 depletion expense calculation included \$31.8 million (December 31, 2015 – \$32.4 million) for estimated future development costs associated with proved and probable reserves in Argentina.

8. OTHER NON-CURRENT ASSETS:

	September 30 2016	December 31 2015
Interest-bearing bonds	\$ 69,184	\$ 112,040
Long-term receivables	942,444	847,687
	1,011,628	959,727
Current portion of interest-bearing bonds included in trade and other receivables	(32,624)	(42,517)
Total non-current assets	\$ 979,004	\$ 917,210

CROWN POINT ENERGY INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited)

(United States dollars)

9. VAT:

	September 30 2016	December 31 2015
Included in prepaid expenses	\$ 61,685	\$ 51,910
Included in E&E assets (Note 6)	1,499,780	1,403,915
Included in property and equipment (Note 7)	1,809,747	2,971,599
	\$ 3,371,212	\$ 4,427,424

10. BANK DEBT:

	September 30 2016	December 31 2015
Development loan facility (a)	\$ 145,137	\$ 948,710
Loan facility (b)	1,183,304	1,467,476
Loan facility (c)	454,909	–
	1,783,350	2,416,186
Current portion of bank debt	(1,191,699)	(1,162,717)
Long-term portion of bank debt	\$ 591,651	\$ 1,253,469

- (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 commencing December 8, 2014 until December 8, 2016 and is secured by a USD denominated letter of credit held as a guaranteed investment certificate ("GIC") in the amount of \$115,000 (December 31, 2015 – \$800,000) on deposit with a major Canadian financial institution.

The use of the loan is restricted to the acquisition of capital assets and/or the building of facilities necessary for the production and/or commercialization of oil and natural gas from the Company's TDF concession.

As at September 30, 2016, the balance owing under the development loan facility was ARS 2,233,326 (\$145,137) (December 31, 2015 – ARS 12,283,329 (\$948,710)).

- (b) The Company has an ARS denominated loan facility with HSBC Argentina which bears interest at 19%, calculated and paid monthly commencing on the date the amounts are drawn.

ARS 9,500,000 of loan principal is secured by a \$350,000 (December 31, 2015 – \$530,000) USD denominated letter of credit held as a GIC with a major Canadian financial institution and is repayable in 24 monthly installments commencing July 17, 2016.

ARS 9,500,000 loan principal is secured by a \$350,000 (December 31, 2015 – \$500,000) USD denominated letter of credit held as a GIC with a major Canadian financial institution and is repayable in 24 monthly installments commencing October 23, 2016.

As at September 30, 2016, the total balance owing under this loan facility was ARS 18,208,333 (\$1,183,304) (December 31, 2015 – ARS 19,000,000 (\$1,467,476)).

- (c) On February 2, 2016, the Company obtained a ARS 10,000,000 (\$709,300) loan facility with HSBC Argentina. The loan is secured by a \$730,000 USD denominated letter of credit held as a GIC with a major Canadian financial institution, bears interest at 34%, calculated and paid monthly commencing on February 2, 2016 and was repayable in one installment on May 2, 2016.

On May 2, 2016, the Company renewed the ARS 10,000,000 (\$702,700) loan facility at an interest rate of 38.75%, calculated and paid monthly commencing May 2, 2016 and repayable in one installment on July 2, 2016.

CROWN POINT ENERGY INC.

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On July 4, 2016, the Company repaid ARS 3,000,000 (\$199,750) of the ARS 10,000,000 loan facility at which time \$250,000 of the \$730,000 USD denominated letter of credit was returned to the Company. The Company renewed the remaining ARS 7,000,000 (\$466,100) of the loan facility which is secured by a \$480,000 USD denominated letter of credit held as a GIC with a major Canadian financial institution, bears interest at 36%, calculated and paid monthly commencing on July 4, 2016 and is repayable in one installment on September 6, 2016.

On September 6, 2016, the Company renewed the loan facility at an interest rate of 31%, calculated and paid monthly commencing September 2, 2016 and repayable in one installment on October 6, 2016. See Note 21.

As at September 30, 2016, the balance owing under this loan facility was ARS 7,000,000 (\$454,909).

11. 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. At September 30, 2016 the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately \$4.1 million (December 31, 2015 – \$3.9 million). These costs are expected to be incurred over the next 10 years. The decommissioning obligations have been estimated using existing technology at current prices and discounted using discount rates that reflect current market assessments of the time value of money and the risks specific to each liability. An average risk-free interest rate of 1.6% (December 31, 2015 – 2%) and an inflation rate of 1.5% (December 31, 2015 – 0.7%) was used to calculate the decommissioning provision in Argentina.

A reconciliation of the decommissioning provision is provided below:

Balance, December 31, 2015	\$	3,148,251
Additions		19,463
Accretion		46,073
Change in estimates		381,542
Balance, September 30, 2016	\$	3,595,329

12. SHARE-BASED PAYMENTS:

Stock option activity for the nine months ended September 30, 2016 is summarized as follows:

	Number of options	Weighted average exercise price (CAD)
Balance outstanding, December 31, 2015	4,565,000	\$ 0.77
Expired	(545,000)	(1.96)
Balance outstanding, September 30, 2016	4,020,000	\$ 0.61
Balance exercisable, September 30, 2016	4,020,000	\$ 0.61

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2016

(Unaudited)

(United States dollars)

Stock options outstanding and exercisable at September 30, 2016 are as follows:

Expiry date	Weighted Average Exercise Price (CAD)	Outstanding	Exercisable
October 29, 2016	\$ 0.63	375,000	375,000
February 7, 2017	0.65	1,087,500	1,087,500
May 1, 2017	0.78	465,000	465,000
May 31, 2017	0.78	150,000	150,000
June 15, 2017	0.58	150,000	150,000
August 1, 2017	0.40	75,000	75,000
January 31, 2018	0.37	1,040,000	1,040,000
May 1, 2018	0.26	100,000	100,000
May 9, 2019	0.87	577,500	577,500
	\$ 0.61	4,020,000	4,020,000

13. NET FINANCE EXPENSE:

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Interest income	\$ 6,100	\$ 11,132	\$ 27,340	\$ 66,029
Fair value adjustment on short-term bonds	–	6,666	(3,471)	6,666
Financing fees and bank charges	(69,614)	(164,289)	(219,806)	(476,852)
Interest on bank debt (Note 10)	(109,796)	(110,836)	(383,563)	(455,632)
Accretion of decommissioning provision (Note 11)	(13,229)	(11,782)	(46,073)	(35,124)
	\$ (186,539)	\$ (269,109)	\$ (625,573)	\$ (894,913)

14. OTHER INCOME (EXPENSES):

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Recovery (impairment) of receivable (Note 5)	\$ –	\$ (118,211)	\$ 38,776	\$ (118,211)
Rights offering expenses (a)	(126,591)	–	(126,591)	–
Export tax recovery (b)	–	–	–	64,313
Petróleo Plus Program (c)	–	287,263	–	287,263
Oil Incentive Program (d)	–	70,451	–	70,451
Special meeting expenses (e)	–	–	–	(739,988)
Retirement allowances (f)	–	(576,960)	–	(576,960)
	\$ (126,591)	\$ (337,457)	\$ (87,815)	\$ (1,013,132)

(a) In September 2016, the Company expensed \$126,591 of costs in respect of a rights offering for which the minimum condition was not met.

(b) In November 2006, the TDF UTE filed a lawsuit against the Ministry of Economy and Production claiming certain export taxes were unconstitutional and for such export taxes to be reimbursed. In June 2014, after numerous appeals at various levels of court by both sides, the Supreme Court of Justice of the Nation ruled in favor of the

CROWN POINT ENERGY INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited)

(United States dollars)

UTE for the reimbursement of export duties plus accrued interest. The Company recognizes income for its share of the export tax recovery when proceeds are received.

- (c) The Government of Argentina implemented the Petr leo Plus Program in 2008 to reward producers who materially increase oil reserves and production through drilling and development by issuing export tax credits ("Petr leo Plus Credits") that can be used to offset taxes on oil sold off shore at market price. Petr leo Plus Credits were transferrable and could be sold to other domestic oil exporters. The Petr leo Plus Program was cancelled in late 2014.

In July 2015, the Government of Argentina issued a decree under which it began offering bonds to qualifying companies with outstanding certificates under the cancelled Petr leo Plus Program. The Company made a submission for approximately \$2.2 million of bonds with respect to its outstanding Petr leo Plus certificates and, in September 2015, the Company recognized \$287,263 of proceeds for bonds received for the same amount of Petr leo Plus certificates. There is no certainty that the Company will receive bonds for the remaining \$1.9 million of outstanding certificates. Petr leo Plus income will be recognized when government-issued bonds are received for the outstanding Petr leo Plus certificates.

- (d) In February 2015, the Government of Argentina announced a new oil incentive program (the "Oil Incentive Program") under Resolution 14/2015 which replaces the Petr leo Plus Program. Under the Oil Incentive Program, companies that increase or maintain production at 95% of fourth quarter 2014 volumes are eligible for a \$3.00 per bbl bonus payment on a formula-derived quantity of production. The Oil Incentive Program was in effect from January 1, 2015 to December 31, 2015 and may be extended by the Government for one year. The Company recognizes Oil Incentive Program income when proceeds are received.

During the three and nine months ended September 30, 2015, the Company collected \$70,451 of Oil Incentive bonus payments in respect of first and second quarter 2015 production volumes.

- (e) During the nine months ended September 30, 2015, the Company incurred 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.
- (f) During the three and nine months ended September 30, 2015, two officers and a senior manager of the Company retired, and in connection with same, each was entitled to a retiring allowance pursuant to the terms of the related employment agreements in the aggregate amount of \$576,960.

15. DEFERRED TAX:

During the nine months ended September 30, 2016, the Company recognized a \$1,274,000 deferred tax liability and corresponding expense in the consolidated statement of loss and comprehensive loss. The deferred tax liability arose in Argentina due to the expiry of certain tax pools and the effect of the devaluation of the ARS on Antrim's ARS denominated tax pools which reduced the USD equivalent amount upon conversion to Antrim's USD functional currency.

CROWN POINT ENERGY INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2016

(Unaudited)

(United States dollars)

16. PER SHARE AMOUNTS:

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Net loss	\$ (1,364,898)	(1,623,146)	(4,537,993)	(4,340,537)
Opening number of shares	164,515,222	130,480,926	164,515,222	130,480,926
Effect of shares issued	–	34,034,296	–	22,374,275
Basic and diluted weighted average number of shares	164,515,222	164,515,222	164,515,222	152,855,201
Basic and diluted net loss per share	\$ (0.01)	(0.01)	(0.03)	(0.03)

For the three and nine months ended September 30, 2016 and 2015, all stock options were excluded from the diluted per share amounts as their effect was anti-dilutive.

17. SUPPLEMENTAL CASH FLOW INFORMATION:

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

For the nine months ended September 30	2016	2015
Trade and other receivables	\$ (487,681)	\$ 563,049
Inventory	150,478	(243,270)
Prepaid expenses	(52,585)	(116,117)
Trade and other payables	(1,139,301)	(2,150,156)
Effect of change in exchange rates	(9,279)	75,494
	\$ (1,538,368)	\$ (1,871,000)
Attributable to:		
Operating activities	\$ (913,114)	\$ (371,101)
Investing activities	(625,254)	(1,499,899)
	\$ (1,538,368)	\$ (1,871,000)

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

	September 30 2016	December 31 2015
Cash in bank	\$ 473,775	\$ 709,244
Short-term investments	1,038	344,603
	\$ 474,813	\$ 1,053,847

(c) During the three and nine months ended September 30, 2016, the Company paid \$109,796 and \$383,563, respectively (three and nine months ended September 30, 2015 – \$110,836 and \$455,632) of interest expense on bank debt (Note 10).

18. RELATED PARTY TRANSACTION:

During the three and nine months ended September 30, 2016, the Tierra del Fuego UTE (of which the Company is a member) sold a portion of natural gas production to Energía y Soluciones SA, a company controlled by Gabriel Obrador, who is a director of the Company and the majority shareholder of GORC S.A., a shareholder of the Company, for which the Company recognized \$125,797 and \$289,477, respectively, of oil and gas revenue for its working interest share.

CROWN POINT ENERGY INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2016

(Unaudited)

(United States dollars)

19. 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:

As at September 30, 2016	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash and cash equivalents	\$ 56,202	\$ 6,173,540	\$ 444,111
Trade and other receivables	\$ 13,978	\$ 15,275,621	\$ 1,003,373
Interest-bearing bonds	\$ –	\$ 562,593	\$ 36,560
Trade and other payables	\$ (590,454)	\$ (22,322,485)	\$ (1,900,834)
Bank debt	\$ –	\$ (27,441,659)	\$ (1,783,350)

As at December 31, 2015	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash and cash equivalents	\$ 123,869	\$ 8,484,807	\$ 744,824
Trade and other receivables	\$ 11,634	\$ 4,873,506	\$ 384,814
Interest-bearing bonds	\$ –	\$ 1,580,967	\$ 122,106
Trade and other payables	\$ (267,468)	\$ (33,116,162)	\$ (2,750,992)
Bank debt	\$ –	\$ (31,283,329)	\$ (2,416,186)

(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 nine months ended September 30, 2016, the devaluation of ARS resulted in lower TDF operating costs and general and administrative expenses incurred in Argentina by approximately 8% (nine months ended September 30, 2015 – 5%).

During the nine months ended September 30, 2016, the devaluation of ARS since the previous year end date resulted in a reduction in the USD equivalent of ARS denominated foreign currency denominated financial instruments, excluding bank debt, by approximately \$113,000 (nine months ended September 30, 2015 – \$28,000).

During the nine months ended September 30, 2016, the devaluation of ARS since the previous year end date resulted in a reduction in the USD equivalent of ARS denominated bank debt by \$396,345 (nine months ended September, 2015 – \$347,674) (Note 10).

(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 September 30, 2016:

Market risk	Change in exchange rates	Nine months ended September 30 2016
Foreign exchange - effect of strengthening USD:		
CAD denominated financial assets and liabilities	5%	\$ 19,830
ARS denominated financial assets and liabilities	5%	\$ 90,170

CROWN POINT ENERGY INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2016

(Unaudited)

(United States dollars)

20. COMMITMENTS:

The Company's commitments are disclosed in Note 23 to the Company's December 31, 2015 audited consolidated financial statements. There have been no significant changes to the Company's commitments during the nine months ended September 30, 2016 except as described below:

(a) Retiring allowance

An officer of the Company has agreed with the Company to retire effective November 9, 2016, and in connection with same, will be entitled to a retiring allowance pursuant to the terms of the related employment agreements in the aggregate amount of CAD \$483,875 (\$368,906).

(b) Leased premises

The Company has negotiated a CAD \$229,867 (\$175,251) termination fee (plus Goods and Services Tax) and the forfeiture of the security deposit CAD\$23,294 (\$17,759) for the surrender of the Canadian office lease thereby eliminating the commitment for future payments for Canadian office rental and related operating costs in the aggregate amount of CAD\$934,092 (\$712,152).

21. SUBSEQUENT EVENTS:

(a) On October 7, 2016, the Company renewed the ARS 7,000,000 (\$459,340) of the loan facility (Note 10(c)) at an interest rate of 29.25% per annum, calculated and paid monthly commencing on October 7, 2016 and is repayable in one installment on December 5, 2016.

(b) On October 28, 2016, the Company obtained an ARS 14,908,000 (\$1million) loan facility with Trend Capital S.A. The loan is unsecured, repayable in one installment on November 30, 2016 and bears interest at rate of 38.5% per annum. The Company paid ARS 381,285 (\$25,111) of other fees in connection with the loan facility.