



**Crown Point Announces Filing of Preliminary Prospectus for Rights Offering and Commitment Letter for Debt Financing**

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CALGARY, Alberta, February 22, 2018 (GLOBAL NEWSWIRE) -- **Crown Point Energy Inc.** (TSX-V: CWV) ("**Crown Point**" or the "**Company**") is pleased to announce that it has filed today a preliminary short form prospectus in each of the provinces of Canada, other than Québec, with respect to an offering (the "**Rights Offering**") of rights ("**Rights**") to acquire common shares of the Company ("**Common Shares**") for minimum gross proceeds of US\$8 million (the "**Minimum Offering**") and maximum gross proceeds of US\$12 million.

Pursuant to the Rights Offering, each registered holder of Common Shares as at the close of business on the record date fixed in connection with the Rights Offering will receive one (1) Right for each Common Share held. Each Right will entitle an eligible holder thereof to acquire 1.21569322 Common Shares at a price of US\$0.36470797 per Right (representing a subscription price of US\$0.30 per Common Share). The Rights Offering will include an additional subscription privilege under which holders of Rights who fully exercise their Rights will be entitled to subscribe for additional Common Shares, if available, that were not otherwise subscribed for under the Rights Offering. The record date and the expiry date for the Rights Offering will be determined at the time of filing by the Company of a (final) short form prospectus in connection with the Rights Offering.

In connection with the Rights Offering, the Company has entered into a standby purchase agreement (the "**Standby Purchase Agreement**") with its largest shareholder, Liminar Energía SA ("**Liminar**"), a company partially controlled by Pablo Peralta, one of the Company's directors. Liminar has agreed, subject to the satisfaction of certain conditions, to fully exercise its basic subscription privilege and partially exercise its additional subscription privilege to the extent necessary to subscribe for not less than 26,666,667 Common Shares for aggregate gross proceeds of not less than US\$8 million in connection with the Rights Offering. As a result, subject to the satisfaction of the terms and conditions of the Standby Purchase Agreement, the Minimum Offering will be fully backstopped by Liminar.

The Company intends to use the net proceeds of the Rights Offering to fund a portion of the purchase price for the Company's previously announced acquisition of all of the outstanding shares of Apco Austral S.A. (the "**Acquisition**"). In addition to the completion of the Minimum Offering, the Rights Offering will also be subject to all of the conditions to the completion of the Acquisition, other than the payment of the purchase price therefor, having been satisfied or waived. As a result, the Rights Offering will not proceed unless the Minimum Offering and the Acquisition are completed.

On or before closing of the Acquisition, the Company also intends to enter into a new credit facility (the "**New Credit Facility**") with one or more lenders for a loan of up to US\$14 million to fund a portion of the

purchase price for the Acquisition. Banco de Servicios y Transacciones S.A. ("**BST**"), an Argentine financial institution, has delivered to the Company a commitment letter confirming that up to US\$14 million will be available to the Company under the New Credit Facility for the purposes of funding a portion of the purchase price for the Acquisition and that BST and/or one or more lenders sourced by BST will provide such amounts to the Company. Pursuant to the commitment letter, it is expected that the New Credit Facility will have an interest rate of between 7.5% and 9% per annum (depending on market conditions on the disbursement date); require monthly payments of principal and interest; be pre-payable, in whole or in part, without penalty; and have a maturity date of 60 months from the date that funds are disbursed under the New Credit Facility. As collateral for the Company's obligations under the New Credit Facility, the Company intends to assign all cash flows of Apco Austral S.A, after deducting certain cash flows required for capital expenditures and operational expenditures as agreed to by the Company and the lenders, to a guarantee trust for the benefit of the lenders. In consideration of BST's services in connection with arranging the New Credit Facility, the Company will pay a fee to BST equal to 0.25% of the amount drawn under the New Credit Facility (for a maximum fee of US\$35,000) and will reimburse BST for its expenses to a maximum amount of US\$25,000.

Mr. Pablo Peralta, a director of the Company, owns (directly or indirectly) approximately 32% of the equity securities of BST and is a director and officer of BST. Mr. Peralta is also the President and a director of Liminar, and controls 30% of the voting shares of Liminar. Additionally, Mr. Roberto Dominguez, an individual who controls 30% of the voting shares of Liminar, also owns (directly or indirectly) approximately 32% of the equity securities of BST and is a director and officer of BST. Liminar is a "control person" of the Company by virtue of owning approximately 50.8% of the outstanding Common Shares on the date hereof, and as such, Liminar is a "related party" (as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Securityholders in Special Transactions* ("**MI 61-101**")) of the Company. As a result of the foregoing, in accordance with MI 61-101, BST is also a "related party" of the Company. The Company is not required under MI 61-101 to obtain a formal valuation in respect of the New Credit Facility because the requirement to obtain a formal valuation in section 5.4(1) of MI 61-101 does not apply to a related party transaction where an issuer enters into a credit facility with a related party. The Company is not required to obtain minority approval of the New Credit Facility under MI 61-101 as it qualifies for the exemption to the minority approval requirement set out in section 5.7(1)(f) of MI 61-101. Specifically, the New Credit Facility is being made available to the Company by BST (provided that BST does not otherwise syndicate its obligations thereunder in whole) on reasonable commercial terms that are not less advantageous to the Company than if the New Credit Facility were obtained from a person dealing at arm's length with the Company, and the New Credit Facility is not (A) convertible, directly or indirectly, into equity or voting securities of the Company or a subsidiary entity of the Company, or otherwise participating in nature, or (B) repayable as to principal or interest, directly or indirectly, in equity or voting securities of the Company or a subsidiary entity of the Company. The commitment letter entered into between BST and the Company and the proposed terms of the New Credit Facility, including the payments to be made to BST thereunder, have been reviewed and approved by all members of the Company's board of directors who are independent of BST.

Pursuant to the commitment letter, Liminar has agreed to guarantee the Company's payment obligations to the lenders under the New Credit Facility. In consideration for the provision of the guarantee under the New Credit Facility, the Company has agreed to pay to Liminar an annual fee during the term of the loan equal to 1% of the principal amount outstanding under the New Credit Facility on the date of such payment, with the first payment to be made on the date that funds are disbursed to the Company under the New Credit Facility and subsequent payments to be made annually on the anniversary date of the disbursement date. The fees payable by Crown Point to Liminar in consideration for the provision of the guarantee of the Company's payment obligations under the New Credit Facility are exempt from: (i) the valuation requirements of Part 5 of MI 61-101 pursuant to section 5.5(b) of MI 61-101 because the Company does not have securities listed or quoted on any stock exchange other than the TSX Venture Exchange ("TSXV"); and (ii) the minority approval requirements of Part 5 of MI 61-101 pursuant to section 5.7(1)(a) of MI 61-101 because at the time the guarantee was agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the guarantee, exceeds 25% of the Company's market capitalization. The payments to be made to Liminar by the Company in consideration of Liminar providing the guarantee described above have been reviewed and approved by all members of the Company's board of directors who are independent of Liminar.

The Rights Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals, including the acceptance of the TSXV. Further details concerning the Rights Offering, including the details of the Standby Purchase Agreement and the New Credit Facility, are contained in the Company's preliminary short form prospectus available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

*This press release is not an offer of securities of the Company for sale in the United States. The Rights and Common Shares issuable on exercise of the Rights have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and the Rights and Common Shares may not be offered or sold in the United States except pursuant to an applicable exemption from such registration. No public offering of securities is being made in the United States.*

For inquiries please contact:

Brian J. Moss  
President & CEO  
Ph: (403) 232-1150  
Crown Point Energy Inc.  
[bmoss@crownpointenergy.com](mailto:bmoss@crownpointenergy.com)

Marisa Tormakh  
Vice-President, Finance & CFO  
Ph: +54 11 4776 0622  
Crown Point Energy Inc.  
[mtormakh@crownpointenergy.com](mailto:mtormakh@crownpointenergy.com)

Website: [www.crownpointenergy.com](http://www.crownpointenergy.com)

### **About Crown Point**

Crown Point Energy Inc. is an international oil and gas exploration and development company headquartered in Calgary, Canada, incorporated in Canada, trading on the TSX Venture Exchange and operating in South America. Crown Point's exploration and development activities are focused in two of the

largest producing basins in Argentina, the Austral basin in the province of Tierra del Fuego and the Neuquén basin, in the province of Mendoza. Crown Point has a strategy that focuses on establishing a portfolio of producing properties, plus production enhancement and exploration opportunities to provide a basis for future growth.

*Forward looking information: Certain information set forth in this news release, including: matters relating to the timing and completion of the Rights Offering, the proceeds to be raised pursuant to the Rights Offering, certain anticipated terms and conditions of the Rights Offering, the filing of a final prospectus in connection with the rights Offering, the fixing of a record date and expiry date in connection with the same, the use of proceeds from the Rights Offering and the New Credit Facility, the anticipated terms and conditions of the New Credit Facility and certain payments to be made by the Company in connection therewith, is considered forward-looking information, and necessarily involve risks and uncertainties, certain of which are beyond Crown Point's control. Such risks include but are not limited to: the receipt of all necessary regulatory and third party approvals; the risk that the Rights Offering is not completed in the manner and timeframes contemplated herein (or at all) due to the termination of the Standby Purchase Agreement, the failure to meet the other conditions to the Rights Offering set forth herein, or otherwise; the risk that the Company may reallocate the net proceeds from the Rights Offering and the risks that the terms of the New Credit Facility may be amended, or the New Credit Facility may not be provided. Actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that Crown Point will derive therefrom. With respect to forward-looking information contained herein, the Company has made certain assumptions, including that: the Standby Purchase Agreement will not be terminated and Liminar will comply with its obligations thereunder; the New Credit Facility will be provided on the terms, and in the timeframe, contemplated herein, the timely receipt of any required regulatory approvals; that the Company will be able to deploy the net proceeds from the Rights Offering as anticipated. Additional information on these and other factors that could affect Crown Point are included in reports on file with Canadian securities regulatory authorities, including under the heading "Risk Factors" in the Rights Offering Circular and in the Company's most recent annual information form, and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)). Furthermore, the forward-looking information contained in this news release are made as of the date of this document, and Crown Point does not undertake any obligation to update publicly or to revise any of the included forward looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities law.*

**Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.**