CROWN POINT ENERGY INC.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023
(Unaudited)

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(United States Dollars)

As at	Note		March 31 2023		December 31 2022
Assets					
Current assets:					
Cash		$	433,154	$	536,752
Trade and other receivables	3		3,001,822		3,536,655
Oil inventory			1,627,823		1,584,591
Prepaid expenses and other current assets	4		3,857,571		4,194,184
			8,920,370		9,852,182
Property and equipment	5		43,033,863		43,963,610
Exploration and evaluation assets			14,118,694		14,115,555
Restricted cash	8		205,952		252,200
		$	66,278,879	$	68,183,547
Liabilities and Shareholders' Equity					
Current liabilities:					
Trade and other payables	6	$	5,522,081	$	6,107,607
Bank debt	7		5,044,080		4,123,737
Current portion of notes payable	8		2,097,986		7,233
Current taxes payable			23,248		37,707
Current portion of decommissioning provision	10		369,561		365,418
Current portion of lease liabilities	11		492,180		483,527
			13,549,136		11,125,229
Non-current trade and other payables	6		704,747		547,493
Notes payable	8		12,459,848		14,535,149
Decommissioning provision	10		11,045,922		10,947,914
Lease liabilities	11		842,879		972,363
Deferred tax liability			3,623,442		4,155,067
			42,225,974		42,283,215
Shareholders' equity:					
Share capital			56,456,328		56,456,328
Contributed surplus			684,789		675,195
Accumulated other comprehensive loss			(18,255,990)		(18,260,539)
Deficit			(14,832,222)		(12,970,652)
			24,052,905		25,900,332
		$	66,278,879	$	68,183,547

Commitments (Note 21)
Subsequent events (Note 22)

Approved on behalf of the Board of Directors: *"Gordon Kettleson"* Gordon Kettleson, Director — *"Pablo Peralta"* Pablo Peralta, Director

See accompanying notes to condensed interim consolidated financial statements.

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

For the three months ended March 31	Note		2023		2022
Revenue					
Oil and natural gas sales	14	$	7,100,558	$	5,487,831
Processing income			61,895		64,051
Export tax			(138,196)		(135,975)
Royalties and turnover tax			(1,108,697)		(850,199)
			5,915,560		4,565,708
Expenses					
Operating			4,652,387		2,783,790
General and administrative	15		695,413		898,346
Depletion and depreciation			2,004,768		1,439,765
Loss on decommissioning provision			-		33,501
Fair value adjustment of contingent consideration			-		(28,225)
Share-based compensation expense	12		9,594		30,738
Foreign exchange (gain) loss			(247,534)		685,264
			7,114,628		5,843,179
Operating loss			(1,199,068)		(1,277,471)
Net finance expense	16		(1,194,127)		(457,481)
Loss before taxes			(2,393,195)		(1,734,952)
Tax recovery	17		531,625		92,853
Net loss			(1,861,570)		(1,642,099)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of the Canadian parent company			4,549		14,904
Total comprehensive loss		$	(1,857,021)	$	(1,627,195)
Net loss per share	13				
Basic		$	(0.03)	$	(0.02)
Diluted		$	(0.03)	$	(0.02)

See accompanying notes to these condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(United States Dollars)

For the three months ended March 31	Note		2023		2022
Share capital					
Balance, January 1 and March 31		$	56,456,328	$	56,456,328
Contributed surplus					
Balance, January 1			675,195		600,462
Share-based payments	12		9,594		30,738
Balance, March 31			684,789		631,200
Accumulated other comprehensive loss					
Balance, January 1			(18,260,539)		(18,216,364)
Exchange differences on translation of Canadian parent company			4,549		14,904
Balance, March 31			(18,255,990)		(18,201,460)
Deficit					
Balance, January 1			(12,970,652)		(7,063,853)
Net loss			(1,861,570)		(1,642,099)
Balance, March 31			(14,832,222)		(8,705,952)
Total shareholders' equity		$	24,052,905	$	30,180,116

See accompanying notes to these condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(United States Dollars)

For the three months ended March 31	Note	2023	2022
Operating activities:			
Net loss		$ (1,861,570)	$ (1,642,099)
Items not affecting cash:			
Depletion and depreciation		2,004,768	1,439,765
Fair value adjustment of contingent consideration		-	(28,225)
Share-based payments	12	9,594	30,738
Unrealized foreign exchange (gain) loss		(615,170)	43,439
Finance expense		1,129,446	371,909
Loss on decommissioning provision		-	33,501
Decommissioning expenditures		-	(109,490)
Tax provision	17	(531,625)	(92,853)
Funds flow provided by operating activities		135,443	46,685
Change in non-cash working capital	18	788,331	(78,919)
Net cash provided (used) by operating activities		923,774	(32,234)
Financing activities:			
Bank debt proceeds	7	1,867,484	2,376,251
Bank debt repayments	7	(205,576)	(500,000)
Bank debt interest payments	7	(891,558)	(33,265)
Notes payable interest payments	8	(147,740)	(508,348)
Restricted cash		46,248	3,059
Lease payments	11	(143,061)	(18,715)
Net cash provided by financing activities		525,797	1,318,982
Investing activities:			
Property and equipment expenditures	5	(1,042,009)	(2,749,363)
Exploration and evaluation expenditures		(3,139)	(2,533,160)
Settlement of contingent consideration liability	9	(178,296)	-
Collection of contingent consideration receivable	9	86,022	-
Change in non-cash working capital	18	(351,139)	1,197,301
Net cash used in investing activities		(1,488,561)	(4,085,222)
Change in cash		(38,990)	(2,798,474)
Foreign exchange effect on cash held in foreign currencies		(64,608)	(239,286)
Cash, January 1		536,752	3,221,118
Cash, March 31		$ 433,154	$ 183,358

See accompanying notes to these condensed interim 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.

The Company's registered office is Suite 2400, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1.

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

As at March 31, 2023, Liminar Energía S.A. ("Liminar"), the Company's largest shareholder, owned approximately 59.5% of the Company's issued and outstanding common shares.

2. BASIS OF PRESENTATION:

The unaudited condensed interim 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, applicable to the preparation of interim financial statements as set out in 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, 2022.

The Company has adopted amendments to the following accounting pronouncements effective January 1, 2023 with no impact on the Company's March 31, 2023 condensed interim consolidated financial statements:

Amendments to IAS 1 Presentation of Financial Statements
Effective January 1, 2023, amendments to IAS 1 require that companies disclose its material accounting policies rather than its significant accounting policies and explain how a company can identify material accounting policies.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
Effective January 1, 2023, amendments to IAS 8 replace the definition of a change in accounting estimate with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

Amendments to IAS 12 Income Taxes
Effective January 1, 2023, amendments to IAS 12 relate to deferred tax assets and liabilities arising from a single transaction and clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 11, 2023.

3. TRADE AND OTHER RECEIVABLES:

The Company's trade and other receivables are exposed to the risk of financial loss if the counterparty fails to meet its contractual obligations. 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 exported by the Company to two international traders and to two Argentine companies; the majority of the Company's natural gas production is sold by the Company to several Argentine companies.

Two major purchasers that represent 91% of oil revenue reported in the three months ended March 31, 2023 comprise \$2,199,021 of accounts receivable at March 31, 2023 (December 31, 2022 – three major purchasers, 93% of oil revenue, \$2,378,567 of accounts receivable) and three major purchasers that represent 75% of natural gas revenue reported in the three months ended March 31, 2023 comprise \$410,602 of accounts receivable at March 31, 2023 (December 31, 2022 – three major purchasers, 58% of natural gas revenue, \$615,979 of accounts receivable) (Note 14).

(United States dollars)

The Company's maximum exposure to credit risk in respect of trade and other receivables consists of:

		March 31 2023		December 31 2022
Due from Argentine companies	$	2,272,560	$	1,139,064
Due from an international company		745,200		2,378,567
Due from related parties (Note 19)		100,916		80,699
Other receivables		140,463		195,845
Allowance for credit losses		(257,317)		(257,520)
Total trade and other receivables	$	3,001,822	$	3,536,655

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

		March 31 2023		December 31 2022
Not past due (less than 90 days)	$	3,044,995	$	3,476,022
Past due (more than 90 days)		214,144		318,153
		3,259,139		3,794,175
Allowance for credit losses		(257,317)		(257,520)
Total trade and other receivables	$	3,001,822	$	3,536,655

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

		March 31 2023		December 31 2022
Prepaid expenses	$	2,485,279	$	2,541,319
Value Added Tax		1,372,292		1,652,865
	$	3,857,571	$	4,194,184

(United States dollars)

5. PROPERTY AND EQUIPMENT:

	Argentina			Canada	
	Development and Production Assets	Right-of-Use Assets	Other Assets	Other Assets	Total
Cost:	$	$	$	$	$
Balance, December 31, 2022	119,554,443	1,506,125	623,924	288,243	121,972,735
Additions	1,031,366	–	10,643	–	1,042,009
Effect of change in exchange rates	–	(3,796)	–	234	(3,562)
Balance, March 31, 2023	120,585,809	1,502,329	634,567	288,477	123,011,182
Accumulated depletion and depreciation:					
Balance, December 31, 2022	65,217,470	59,195	525,696	280,764	66,083,125
Depletion and depreciation	1,827,882	129,229	11,083	554	1,968,748
Effect of change in exchange rates	–	(782)	–	228	(554)
Balance, March 31, 2023	67,045,352	187,642	536,779	281,546	68,051,319
Impairment:					
Balance, December 31, 2022	11,926,000	–	–	–	11,926,000
Additions	–	–	–	–	–
Balance, March 31, 2023	11,926,000	–	–	–	11,926,000
Net carrying amount:					
At December 31, 2022	42,410,973	1,446,930	98,228	7,479	43,963,610
At March 31, 2023	41,614,457	1,314,687	97,788	6,931	43,033,863

Future development costs:

The depletion expense calculation for the three months ended March 31, 2023 included $59.9 million (December 31, 2022 – $59.9 million) for estimated future development costs associated with proved and probable reserves in Argentina.

6. TRADE AND OTHER PAYABLES:

	March 31 2023	December 31 2022
Trade payables	$ 3,348,686	$ 3,323,826
Accruals	1,409,557	1,888,261
Contingent consideration liability (Note 9)	41,592	219,888
Other payables	722,246	675,632
Current trade and other payables	5,522,081	6,107,607
Accruals	292,567	135,313
Contingent consideration liability (Note 9)	412,180	412,180
Non-current trade and other payables	704,747	547,493
Total trade and other payables	$ 6,226,828	$ 6,655,100

(United States dollars)

7. BANK DEBT:

A continuity of the Company's bank debt is as follows:

Balance, December 31, 2022	$	4,123,737
Proceeds		1,867,484
Repayment		(205,576)
Interest accrued (Note 16)		833,846
Interest paid		(891,558)
Effect of change in exchange rates		(683,853)
Balance, March 31, 2023	$	5,044,080

(a) Banco Hipotecario S.A.

The Company has an overdraft loan of up to ARS 800 million ($3.8 million) with Banco Hipotecario S.A. at variable interest rate starting at 80% per annum available until May 31, 2023. The overdraft is guaranteed by Grupo ST S.A. under the agreement with Banco Hipotecario S.A. (Note 19).

As at March 31, 2023, ARS 707 million ($3.4 million) (December 31, 2022 – ARS 594 million ($3.4 million)) was drawn on the overdraft loan.

During the three months ended March 31, 2023, the Company recognized $624,220 (three months ended March 31, 2022 – $30,955) of interest on the Banco Hipotecario S,A, loans, of which $708,493 was paid and $38,828 is included bank debt as at March 31, 2023 (December 31, 2022 – $123,101).

(b) Banco de la Nación S.A. ("BNA")

As at March 31, 2023, the Company had a credit limit of ARS 110 million ($0.5 million) available which can be drawn and repaid in various amounts. The terms for each amount drawn as at March 31, 2023 are as follows:

(i) BNA Working Capital Loan I

As at March 31, 2023, the amount drawn on the BNA Working Capital Loan I was ARS 27.5 million ($0.1 million) (December 31, 2022 – ARS 55 million ($0.3 million)). The BNA Working Capital Loan I is repayable in five equal installments commencing on September 5, 2022 until the maturity date of June 2, 2023 and bearing interest at a variable rate, calculated and payable quarterly. The interest rate is calculated based on the BADLAR (1) plus 6% per annum. During March 2023, the Company repaid the third installment of the loan for an amount of ARS 27.5 million ($0.1 million).

(ii) BNA Working Capital Loan II

As at March 31, 2023, the amount drawn on the BNA Working Capital Loan II was ARS 41.25 million ($0.2 million) (December 31, 2022 – ARS 55 million ($0.3 million)). The BNA Working Capital Loan II is repayable in four equal installments commencing on January 16, 2023, until the maturity date of October 13, 2023 and bearing interest at a variable rate calculated and payable quarterly. The interest rate is calculated based on the BADLAR (1) plus 10% per annum. During March 2023, the Company repaid the first installment of the loan for an amount of ARS 13.8 million ($0.1 million).

(iii) BNA Working Capital Loan III

On March 16, 2023, the Company obtained an ARS 27.5 million ($0.13 million) BNA Working Capital Loan III repayable in four equal installments commencing on June 13, 2023, until maturity date of March 11, 2024 and bearing interest at a variable rate based on the BADLAR (1) plus 10%.

(iv) BNA Working Capital Loan IV

On March 28, 2023, the Company obtained an ARS 13.75 million ($0.07 million) BNA Working Capital Loan IV repayable in four equal installments commencing on June 23, 2023, until maturity date of March 19, 2024 and bearing interest at a variable rate calculated and payable quarterly. The interest rate is calculated based on the BADLAR (1) plus 10% per annum.

As at March 31, 2023, a total of ARS 110 million ($0.5 million) (December 31, 2022 – ARS 110 million ($0.6 million)) was drawn on the BNA working capital loans.

During the three months ended March 31, 2023, the Company recognized $97,785 (three months ended March 31, 2022 – $nil) of interest on the BNA working capital loans, and $105,842 of interest was paid and $17,872 is included bank debt as at March 31, 2023 (December 31, 2022 – $25,929).

(1) As at March 31, 2023, the BADLAR rate is 70.375% (December 31, 2022 – 69.375%).

(c) Banco Galicia S.A.

On February 6, 2023, the Company obtained a working capital loan of ARS 50 million ($0.3 million) with Banco Galicia S.A., which accrues an annual interest rate of 70% payable monthly, with a maturity date of May 9, 2023.

On February 15, 2023, the Company obtained an overdraft loan for an amount of ARS 50 million ($0.3 million) with Banco Galicia S.A., which accrues an annual interest rate of 86% with a 60-day maturity. As at March 31, 2023, ARS 50 million ($0.2 million) was drawn on the overdraft loan.

During the three months ended March 31, 2023, the Company recognized $74,586 (three months ended March 31, 2022 – $4,721) of interest on Banco Galicia S.A. loans, of which $51,064 was paid and $23,522 is included bank debt as at March 31, 2023.

(d) Banco CMF S.A.

On February 7, 2023, the Company obtained an overdraft loan for an amount of up to ARS 60 million ($0.3 million) with Banco CMF S.A., which accrues an annual interest rate of 79.5% with a 60-day maturity. As at March 31, 2023, ARS 58.7 million ($0.3 million) was drawn on the overdraft loan.

During the three months ended March 31, 2023, the Company recognized $26,159 (three months ended March 31, 2022 – $14,828) of interest on Banco CMF S.A. loan, all of which was paid and $nil is included bank debt as at March 31, 2023.

(e) Banco Supervielle S.A.

On March 14, 2023, the Company obtained a working capital loan for an amount of ARS 60 million ($0.3 million) with Banco Supervielle S.A., which accrues an annual interest rate of 88% payable monthly with a maturity date of June 9, 2023.

During the three months ended March 31, 2023, the Company recognized $11,096 (three months ended March 31, 2022 – $nil) of interest on the Banco Supervielle S.A. loan, none of which was paid and $11,096 is included bank debt as at March 31, 2023.

8. NOTES PAYABLE:

As at March 31, 2023 and December 31, 2022, the Company had $14.7 million principal amount of Series III secured fixed-rate notes ("Series III Notes") issued by Crown Point Energía outstanding. Series III Notes are denominated in USD and payable in ARS, due 36 months after the issue date. The principal amount of Series III Notes will be repaid in seven quarterly equal installments, starting on February 10, 2024 and ending on August 10, 2025. Series III Notes will accrue interest at a fixed rate of 4% per annum, payable every three months in arrears from the issue date.

A continuity of the Company's notes payable is as follows:

Balance, December 31, 2022	$	14,542,382
Amortization of transaction costs (Note 16)		18,666
Interest accrued (Note 16)		144,526
Interest paid		(147,740)
Balance, March 31, 2023		14,557,834
Current portion of notes payable		(2,097,986)
Long-term notes payable	$	12,459,848

(United States dollars)

Restricted cash

As at March 31, 2023, $205,952 (ARS 43 million) (December 31, 2022 – $252,200 (ARS 44.7 million)) was reported as restricted cash. The restricted cash is assigned as collateral for the notes payable and has been deposited in a trust account with Banco de Servicios y Transacciones S.A., the beneficiary of which is Crown Point Energía. The trust account funds are invested as prescribed by the related escrow agreement; these funds are restricted and cannot be used by the Company other than for the purpose stated in the escrow agreement. The amount of funds held in trust is based on the Company's estimate of the next upcoming quarterly interest payment. The trust account is required to be in place until the maturity date of the notes payable.

9. CONTINGENT CONSIDERATION (LIABILITY) RECEIVABLE:

	Liability (a)	Receivable (b)	Net
Balance, December 31, 2022	$ (632,068)	$ 86,022	$ (546,046)
Cash settlement (collection)	178,296	(86,022)	92,274
Balance, March 31, 2023	(453,772)	–	(453,772)
Current portion	41,592	–	41,592
Non-current portion	$ (412,180)	$ –	$ (412,180)

(a) Contingent consideration liability

2018 acquisition

Pursuant to the 2018 acquisition of St. Patrick Oil & Gas S.A. ("St. Patrick"), the Company will make quarterly payments to the vendor until December 31, 2027 equal to 10% of the amount by which net revenue (oil and gas revenue less provincial royalties) received by St. Patrick's Participating Interest in the TDF Concessions for the quarter exceeds certain base net revenue thresholds for such quarter. If in any quarter the net revenues received by St. Patrick do not exceed the base net revenue threshold for that quarter, then no royalty payment will be payable.

The estimated fair value of the contingent consideration liability related to future results as at March 31, 2023 and December 31, 2022 was $nil and the estimated contingent consideration liability related to actual results for the three months ended March 31, 2023 was determined to be $nil (2022 actual results – $219,888), resulting in no fair value adjustment.

During the three months ended March 31, 2023, the Company paid $178,296 of the contingent consideration liability. As at March 31, 2023, the $41,592 (December 31, 2022 – $219,888) current portion of the contingent consideration liability is included in trade and other payables (Note 6).

2022 acquisition

Effective July 1, 2022, the Company acquired a 50% working interest in the Puesto Pozo Cercado Oriental hydrocarbon exploitation concession (the "PPCO Concession") for a cash payment of $5 million and up to an additional $7.53 million (the "Contingent Consideration") in quarterly installments based on a percentage of the net operating income (oil and gas revenue less royalties, turnover and other taxes and operating expenses) derived from the Company's 50% working interest in the PPCO Concession, provided that the Contingent Consideration is not payable until the Company has recovered its initial $5 million investment from its share of the net operating income derived from the PPCO Concession.

As at March 31, 2023, the Company re-measured the fair value of the contingent consideration liability at $412,180 (December 31, 2022 – $412,180) resulting in a fair value adjustment of $nil. As at March 31, 2023, the $412,180 (December 31, 2022 – $412,180) of the contingent consideration liability is included in non-current trade and other payables (Note 6).

(United States dollars)

(b) Contingent consideration receivable

As part of the consideration for the disposition of a participating interest in the TDF Concessions pursuant to the April 26, 2019 ROFR Sale, the UTE Partners will make future payments to the Company equal to their proportionate share of contingent royalty payments that accrue following the closing of the ROFR Sale.

The estimated fair value of the contingent consideration receivable related to future results as at March 31, 2023 and December 31, 2022 was $nil and the estimated contingent consideration receivable related to actual results for the three months ended March 31, 2023 was determined to be $nil (2022 actual results – $86,022), resulting in no fair value adjustment.

During the three months ended March 31, 2023, the Company collected the $86,022 outstanding contingent consideration receivable which was included in trade and other receivables as at December 31, 2022.

10. DECOMMISSIONING PROVISION:

As at March 31, 2023, the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately $17.9 million to be incurred in the next 1 to 23 years (December 31, 2022 – $17.9 million). A risk-free interest rate of 3.57% to 3.76% (December 31, 2022 – 3.57% to 3.76%) and an inflation rate of 2.9% (December 31, 2022 – 2.9%) was used to calculate the fair value of the decommissioning provision.

A reconciliation of the decommissioning provision is provided below:

Balance, December 31, 2022	$	11,313,332
Accretion (Note 16)		102,151
Balance, March 31, 2023		11,415,483
Current portion of decommissioning provision		(369,561)
Long-term portion of decommissioning provision	$	11,045,922

11. LEASE LIABILITIES:

The Company incurs lease payments related to certain office premises and equipment in Argentina. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets.

Balance, December 31, 2022	$	1,455,890
Interest (Note 16)		25,703
Payments		(143,061)
Effect of change in exchange rates		(3,473)
Balance, March 31, 2023		1,335,059
Current portion of lease liabilities		(492,180)
Long-term lease liabilities	$	842,879

Total expected payments under lease agreements for office and equipment are $47,648 per month ($571,777 per year) until December 31, 2026.

12. SHARE-BASED PAYMENTS:

As at March 31, 2023 and December 31, 2022, the Company had 4,350,000 stock options outstanding. Information about stock options outstanding as at March 31, 2023 is as follows:

(United States dollars)

Expiry Date	Number of Options Outstanding	Weighted Average Exercise Price (CAD)	Weighted Average Life Remaining (Years)	Number of Options Exercisable
April 3, 2024	2,175,000	$ 0.75	1.0	2,175,000
May 31, 2026	2,175,000	$ 0.20	3.2	1,450,000
	4,350,000	$ 0.48	2.1	3,625,000

During the three months ended March 31, 2023, the Company recognized $9,594 (three months ended March 31, 2022 – $30,738) of share-based payment expense. As at March 31, 2023, the balance of unvested share-based payments was $6,502.

13. PER SHARE AMOUNTS:

For the three months ended March 31		2023		2022
Net loss	$	(1,861,570)	$	(1,642,099)
Weighted average number of shares – basic and diluted:				
Issued common shares, beginning and end of year		72,903,038		72,903,038
Net loss per share – basic and diluted	$	(0.03)	$	(0.02)

The effect of stock options is anti-dilutive in loss periods. The Company did not have any in-the-money stock options outstanding during the three months ended March 31, 2023 or 2022.

14. OIL AND NATURAL GAS SALES:

The following table represents the Company's oil and natural gas sales disaggregated by commodity:

For the three months ended March 31		2023		2022
Oil	$	5,769,321	$	4,523,428
Natural gas		1,301,674		942,390
Natural gas liquids		29,563		22,013
	$	7,100,558	$	5,487,831

Of the Company's revenue from oil sales earned in the three months ended March 31, 2023, 35% was for export sales to three purchasers and 65% was for domestic sales to one purchaser (three months ended March 31, 2022 – 40% was for export sales to one purchaser and 60% was for domestic sales to one purchasers) and $2,199,021 was in accounts receivable at March 31, 2023 (December 31, 2022 – $2,378,567).

All of the Company's revenue from natural gas sales earned in the three months ended March 31, 2023, was for domestic sales, of which 75% was to three major purchasers (three months ended March 31, 2022 – domestic sales of which 43% was to three major purchasers), of which $410,602 was in accounts receivable at March 31, 2023 (December 31, 2022 – $615,979).

The following table represents the Company's oil and natural gas sales disaggregated by market:

For the three months ended March 31		2023		2022
Export	$	2,004,000	$	1,822,366
Domestic		5,096,558		3,665,465
	$	7,100,558	$	5,487,831

(United States dollars)

15. GENERAL AND ADMINISTRATIVE:

For the three months ended March 31		2023		2022
Salaries and benefits	$	411,953	$	628,140
Professional fees		129,264		160,565
Office and general		128,826		67,820
Travel and promotion		25,370		41,821
	$	695,413	$	898,346

16. NET FINANCE EXPENSE:

For the three months ended March 31		2023		2022
Interest income	$	79,759	$	79,105
Financing fees and bank charges		(144,440)		(164,677)
Interest on bank debt (Note 7)		(833,846)		(50,888)
Interest on notes payable (Note 8)		(144,526)		(260,567)
Amortization of notes payable transaction costs (Note 8)		(18,666)		(11,668)
Accretion of decommissioning provision (Note 10)		(102,151)		(43,038)
Interest on lease liabilities (Note 11)		(25,703)		(5,748)
Accretion of other liabilities		(4,554)		–
Finance expense		(1,273,886)		(536,586)
	$	(1,194,127)	$	(457,481)

17. TAXES:

The Company’s tax provision is comprised of the following current and deferred taxes:

For the three months ended March 31		2023		2022
Current tax	$	–	$	–
Deferred tax recovery		531,625		92,853
Tax recovery	$	531,625	$	92,853

Crown Point Energía S.A.’s has sufficient non-capital loss and other tax pools available to reduce taxable income in Argentina to $nil. The deferred tax recovery reported in the three months ended March 31, 2023 and 2022 is related to changes in the Company’s ARS denominated tax pools combined with the devaluation of the ARS during the period on the translation of ARS denominated tax pools to USD.

(United States dollars)

18. SUPPLEMENTAL CASH FLOW INFORMATION:

As of March 31, 2023, the Company has $4,628,766 working capital deficit which includes $3,434,976 of financial assets comprised of cash and trade and other receivables and $13,179,575 of financial liabilities comprised of trade and other payables, bank debt, current portion of notes payable and current portion of lease liabilities with a contractual maturity of less than one year. During the three months ended March 31, 2023, the Company reported net cash provided by operating activities in the amount of $923,774.

(a) Change in non-cash working capital items

For the three months ended March 31		2023		2022
Trade and other receivables	$	627,107	$	1,575,497
Inventory		(79,252)		(906,201)
Prepaid expenses and other current assets		336,613		(691,445)
Trade and other payables		(432,826)		1,167,043
Taxes payable		(14,459)		(26,570)
Effect of change in exchange rates		9		58
	$	437,192	$	1,118,382
Attributable to:				
Operating activities	$	788,331	$	(78,919)
Investing activities		(351,139)		1,197,301
	$	437,192	$	1,118,382

(b) As at March 31, 2023, the Company held $433,154 (December 31, 2022 – $536,752) of cash in Canadian, United States and Argentine banks.

(c) During the three months ended March 31, 2023, the Company paid $1,039,298 (three months ended March 31, 2022 – $541,613) of interest expense on bank debt and notes payable (Notes 7 and 8).

(d) During the three months ended March 31, 2023, the Company paid $9,167 (ARS 1.8 million) (three months ended March 31, 2022 – $16,790 (ARS 1.8 million)) to Argentine tax authorities related to corporate income tax.

19. RELATED PARTY TRANSACTIONS:

(a) Liminar Energía S.A.

Mr. Pablo Peralta is a director of the Company and is the President and a director of Liminar and controls 45% of the voting shares of Liminar. Mr. Roberto Dominguez is the President of Crown Point Energía S.A. and is a director of Liminar and controls 45% of the voting shares of Liminar. Liminar owns approximately 59.5% of the Company's outstanding common shares.

During the comparative three months ended March 31, 2022, Liminar provided a guarantee of the Banco Hipotecario S.A. loans (Note 7(a)) for which the Company was charged $674 for a loan guarantee fee of 1% of the outstanding balance. Included in trade and other payables as at March 31, 2023 is $nil (December 31, 2022 – $nil) payable to Liminar.

(b) Grupo ST S.A.

Mr. Pablo Peralta and Mr. Roberto Dominguez are also the President and Vice President, respectively, of Grupo ST S.A. and jointly control, directly and indirectly, 96.65% of the voting shares of Grupo ST S.A.

Grupo ST S.A. has provided a guarantee of the Banco Hipotecario S.A. loans (Note 7(a)) for which the Company is charged a loan guarantee fee of 1% of the outstanding balances. During the three months ended March 31, 2023, Grupo ST S.A. charged the Company $7,263 of loan guarantee fees (three months ended March 31, 2022 – $nil).

Included in trade and other payables as at March 31, 2023 is $7,263 (December 31, 2022 – $nil) payable to Grupo ST S.A.

(c) Energía y Soluciones S.A.

Gabriel Obrador is the President, Chief Executive Officer and a director of the Company and also controls Energía y Soluciones S.A.

During the three months ended March 31, 2023, the Company sold a portion of natural gas production from the TDF Concession to Energía y Soluciones S.A. for which the Company recognized $253,377 (ARS 50.7 million) (three months ended March 31, 2022 – $nil) of oil and gas revenue. Included in trade and other receivables as at March 31, 2023 is $100,916 (ARS 21.1 million) (December 31, 2022 – $80,699 (ARS 14.3 million)) in respect of this revenue.

Energía y Soluciones S.A. owns a 1.46% overriding royalty on revenue earned from the CLL Permit. As of March 31, 2023, no revenue has been earned from the CLL Permit.

Transactions with related parties are conducted and recorded at the exchange amount.

20. 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 is 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 March 31, 2023	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash	$ 13,021	$ 76,502,610	$ 376,347
Restricted cash	$ –	$ 42,963,647	$ 205,952
Trade and other receivables	$ 7,750	$ 118,611,127	$ 574,302
Trade and other payables	$ (535,669)	$ (784,242,491)	$ (4,147,983)
Bank debt	$ –	$ (1,054,263,499)	$ (5,044,080)
Current and long-term taxes payable	$ –	$ (4,859,037)	$ (23,248)
Lease liabilities	$ –	$ (3,930,406)	$ (18,805)

As at December 31, 2022	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash	$ 6,586	$ 59,644,213	$ 341,911
Restricted cash	$ –	$ 44,679,752	$ 252,200
Trade and other receivables	$ 15,043	$ 96,788,012	$ 558,055
Trade and other payables	$ (462,153)	$ (740,912,799)	$ (4,523,375)
Current and long-term taxes payable	$ –	$ (730,561,249)	$ (4,123,737)
Lease liabilities	$ –	$ (4,136,615)	$ (23,350)

(b) Currency devaluation:

Exchange rates as at	March 31 2023	December 31 2022
CAD to USD (1)	0.7389	0.7383
ARS to USD (1)	0.0048	0.0056
USD to ARS (2)	208.81	177.06

(1) Source Bank of Canada (2) Source BNA (National Bank of Argentina)

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 the TDF and Mendoza Concessions and CLL operating costs and general and administrative expenses incurred in Argentina are denominated in ARS. During the three months ended March 31, 2023, the devaluation of ARS resulted in lower operating costs and general and administrative expenses incurred in Argentina by approximately 25% (three months ended March 31, 2022 – devaluation of ARS; lower by approximately 4%), offset by cost increases related to inflation.

(United States dollars)

During the three months ended March 31, 2023, the devaluation of ARS since the previous year end date resulted in a decrease in the USD equivalent of ARS denominated foreign currency denominated financial instruments, excluding bank debt and notes payable, by approximately $0.5 million (three months ended March 31, 2022 – devaluation of ARS; reduction by approximately $0.1 million).

The effect of currency devaluation on ARS denominated bank debt during the three months ended March 31, 2023 was a $683,853 reduction of the USD equivalent amount of bank debt (three months ended March 31, 2022 – $210,215 reduction in the USD equivalent amount of bank debt and notes payable) (Notes 7 and 8).

(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, 2023:

	Change in exchange rates	Impact on net income
Foreign exchange - effect of strengthening USD:		
CAD denominated financial assets and liabilities	5%	$ 19,020
ARS denominated financial assets and liabilities	10%	$ 770,660

21. COMMITMENTS:

(a) TDF Concessions

As at March 31, 2023, the Company’s share of expenditure commitments with respect to the Rio Cullen exploitation concession in TDF is $0.62 million which must be completed by August 2026.

(b) Mendoza Concessions

As at March 31, 2023, the Company’s share of expenditure commitments with respect to the CH Concession is $36.3 million, consisting of a work program for well work-overs, infrastructure optimization and a multi-well drilling program to be fulfilled by March 2031.

As at March 31, 2023, the Company’s share of expenditure commitments with respect to the PPCO Concession is $13.0 million, consisting of a work program for well work-overs, infrastructure optimization and a multi-well drilling program to be fulfilled by August 2028.

(c) CLL Permit

As at March 31, 2023, the Company commitment with respect to the CLL Permit is estimated at $0.8 million, consisting of a well repair and 3D seismic reprocessing in the north of the CLL Concession which must be completed by October 23, 2023.

22. SUBSEQUENT EVENTS:

On April 10, 2023, the Company renewed the overdraft loan with Banco CMF S.A. for an amount of up ARS 60 million ($0.3 million), which accrues interest at an annual rate of 82.5% with a 60-day maturity.

On April 14, 2023, the Company obtained an overdraft loan for an amount of ARS 100 million ($0.6 million) with Banco Macro S.A., which accrued interest at annual rate of 86% with a 7-day maturity and was paid on April 20, 2023.

On April 27, 2023, the Company obtained a working capital loan of $2 million, which accrues interest at an annual rate of 8% payable monthly with a maturity date of July 26, 2023.

On May 9, 2023, the Company repaid the ARS 50 million ($0.2 million) working capital loan with Banco Galicia S.A. plus $12,424 of accrued interest (Note 7(c)).