CROWN POINT ENERGY INC.
Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the consolidated financial statements and the consistent presentation of all other financial information that is publicly disclosed. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and include estimates and assumptions based on management's best judgment.

Management maintains a system of internal controls to provide reasonable assurance that assets are safeguarded, and that relevant and reliable financial information is produced in a timely manner.

Independent auditors appointed by the shareholders have examined the consolidated financial statements. The Audit Committee, comprising independent members of the Board of Directors, have reviewed the consolidated financial statements with management and the independent auditors. The Audit Committee is responsible for setting the remuneration of the independent auditors. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

"Gabriel Obrador"	*"Marisa Tormakh"*
Gabriel Obrador President and Chief Executive Officer	Marisa Tormakh Vice President Finance and Chief Financial Officer

Calgary, Alberta
March 11, 2024

Independent auditor's report

To the Shareholders of Crown Point Energy Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Crown Point Energy Inc. and its subsidiaries (together, the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
The impact of petroleum and natural gas reserves on net development and production (D&P) assets *Refer to note 2 – Basis of presentation, note 3 – Material accounting policies, note 10 – Property and equipment and note 21 – Impairment/ impairment reversal of property and equipment to the consolidated financial statements.* The Company had $42.9 million of net D&P assets in the cash generating units (CGUs) as at December 31, 2023. Depletion and depreciation (D&D) expense for the CGUs was $7.1 million for the year then ended. D&P assets are depleted on a field-by-field basis using the unit of production method with reference to the ratio of production in the year to the related petroleum and natural gas proved and probable reserves (the reserves), taking into account the estimated future development costs necessary to bring those reserves into production. At the end of each reporting period, the Company reviews D&P assets for circumstances that indicate the D&P assets may be impaired. The D&P assets are grouped together into CGUs for the purposes of impairment testing. If any such indication of impairment exists, the Company determines the CGUs' recoverable amounts. Impairment is identified by comparing the recoverable amount of the CGU to its carrying amount.	Our approach to addressing the matter included the following procedures, among others: • The work of management's experts was used in performing the procedures to evaluate the reasonableness of the reserves used to determine D&D expense and the recoverable amount of the Company's TDF CGU. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. • Tested how management determined the recoverable amount of the TDF CGU and D&D expense, which included the following: – Evaluated the appropriateness of the methods used by management in making these estimates. – Tested the data used in determining these estimates. – Evaluated the reasonableness of the significant assumptions used by management in developing the underlying estimates, including: ○ projected future rates of production, timing and amount of future

Key audit matter	How our audit addressed the key audit matter
At the end of each subsequent reporting period, these impairments are assessed for indicators of reversal. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depletion, had no impairment loss been recognized for the asset or CGU in prior periods. As at December 31, 2023, the Company identified indicators of impairment reversal in relation to its Tierra del Fuego ("TDF") CGU and performed an impairment reversal test. A CGU's recoverable amount is the higher of its fair value, less costs of disposal and its value-in-use. Management used fair value less cost of disposal to determine the recoverable amount of the CGU, which is based on the discounted after-tax cash flows of reserves. The reserves are evaluated and reported on by independent reserve engineers (management's experts). As a result of the impairment reversal test performed, the Company recognized $3.05 million impairment reversal, related to the TDF CGU. Significant assumptions used by management to determine the recoverable amount of the CGU include the reserves, projected future rates of production, future commodity pricing, timing and amounts of future expenditures and the discount rate. We considered this a key audit matter due to (i) the significant judgment by management, including the use of management's experts and the development of significant assumptions; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the significant assumptions; and (iii) the audit effort that involved	expenditures by considering the current and past performance of the Company's CGUs and whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable; ○ future commodity pricing by considering third party industry forecasts; and ○ discount rate, through the assistance of professionals with specialized skill and knowledge in the field of valuation. • Recalculated the units of production rates used to calculate D&D expense for the Company's CGUs.

Key audit matter	How our audit addressed the key audit matter
the use of professionals with specialized skill and knowledge in the field of valuation.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Asghar.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
March 11, 2024

CROWN POINT ENERGY INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the years ended December 31
(United States Dollars)

	Note	2023	2022
Assets			
Current assets:			
Cash and cash equivalents		$ 191,507	$ 536,752
Investments	6	2,667,792	–
Trade and other receivables	7	1,917,440	3,536,655
Hydrocarbon inventories		1,456,822	1,584,591
Prepaid expenses and other current assets	8	1,402,847	4,194,184
		7,636,408	9,852,182
Exploration and evaluation assets	9	14,103,353	14,115,555
Property and equipment	10	45,834,731	43,963,610
Restricted cash	12	123,653	252,200
Other non-current assets	14	87,520	–
		$ 67,785,665	$ 68,183,547
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	13	$ 5,768,105	$ 6,107,607
Bank debt	11	508,114	4,123,737
Current portion of notes payable	12	12,298,533	7,233
Current taxes payable		–	37,707
Current portion of decommissioning provision	15	360,546	365,418
Current portion of lease liabilities	16	487,044	483,527
		19,422,342	11,125,229
Non-current trade and other payables	13	1,480,545	547,493
Notes payable	12	16,459,187	14,535,149
Decommissioning provision	15	10,061,672	10,947,914
Lease liabilities	16	378,124	972,363
Deferred tax liability	24	2,151,708	4,155,067
		49,953,578	42,283,215
Shareholders' equity			
Share capital	17	56,456,328	56,456,328
Contributed surplus		691,343	675,195
Accumulated other comprehensive loss		(18,217,300)	(18,260,539)
Deficit		(21,098,284)	(12,970,652)
		17,832,087	25,900,332
		$ 67,785,665	$ 68,183,547
Going concern	1		
Commitments	29		
Subsequent event	30		

Approved on behalf of the Board of Directors:

"Gordon Kettleson"
Gordon Kettleson, Director

"Pablo Peralta"
Pablo Peralta, Director

CROWN POINT ENERGY INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended December 31
(United States Dollars)

	Note	2023	2022
Revenue			
Oil and natural gas sales	20	$ 26,766,228	$ 33,040,620
Processing income		252,170	232,493
Export tax		(503,268)	(1,071,563)
Royalties and turnover tax		(4,519,702)	(5,677,638)
		21,995,428	26,523,912
Expenses			
Operating		18,405,512	16,650,447
General and administrative	22	2,797,360	3,573,814
Depletion and depreciation		7,707,901	7,248,167
Loss on decommissioning provision	15	–	54,228
Fair value adjustment of contingent consideration	14	689,130	(1,088,980)
Impairment (reversal) loss of property and equipment	21	(3,050,000)	2,047,000
Share-based payments	18	16,148	74,733
Foreign exchange losses		2,094,142	562,673
		28,660,193	29,122,082
Operating loss		(6,664,765)	(2,598,170)
Net finance expense	23	(3,466,226)	(3,915,619)
Loss before taxes		(10,130,991)	(6,513,789)
Tax recovery		2,003,359	606,990
Net loss		(8,127,632)	(5,906,799)
Other comprehensive income (loss)			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translation of Canadian parent company		43,239	(44,175)
Total comprehensive loss		$ (8,084,393)	$ (5,950,974)
Net loss per share	19		
Basic		$ (0.11)	$ (0.08)
Diluted		$ (0.11)	$ (0.08)

CROWN POINT ENERGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31
(United States Dollars)

	Note		2023		2022
Share capital					
Balance, January 1 and December 31	17	$	56,456,328	$	56,456,328
Contributed surplus					
Balance, January 1			675,195		600,462
Share-based payments	18		16,148		74,733
Balance, December 31			691,343		675,195
Accumulated other comprehensive loss					
Balance, January 1			(18,260,539)		(18,216,364)
Exchange differences on translation of Canadian parent company			43,239		(44,175)
Balance, December 31			(18,217,300)		(18,260,539)
Deficit					
Balance, January 1			(12,970,652)		(7,063,853)
Net loss			(8,127,632)		(5,906,799)
Balance, December 31			(21,098,284)		(12,970,652)
Total shareholders' equity		$	17,832,087	$	25,900,332

CROWN POINT ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31
(United States Dollars)

	Note		2023		2022
Operating activities					
Net loss		$	(8,127,632)	$	(5,906,799)
Items not affecting cash and cash equivalents:					
Depletion and depreciation			7,707,901		7,248,167
Loss on decommissioning provision	15		–		54,228
Fair value adjustment of contingent consideration	14		689,130		(1,088,980)
Impairment (reversal) loss of property and equipment	21		(3,050,000)		2,047,000
Share-based payments	18		16,148		74,733
Net finance expense			2,647,497		3,347,841
Unrealized foreign exchange losses			3,728,625		(2,146,818)
Tax provision	24		(2,003,359)		(606,990)
Funds flow provided by operating activities			1,608,310		3,022,382
Change in non-cash working capital	25		2,185,228		(1,687,567)
Net cash provided by operating activities			3,793,538		1,334,815
Financing activities					
Bank debt proceeds	11		9,942,439		17,111,226
Bank debt repayments	11		(10,443,329)		(11,313,004)
Notes payable proceeds	12		14,005,193		10,016,860
Notes payable repayments	12		–		(657,820)
Notes payable interest payments	12		(680,353)		(1,030,132)
Restricted cash			101,648		47,360
Lease payments	16		(570,962)		(66,997)
Interest paid	11		(2,399,339)		(1,598,687)
Net cash provided by financing activities			9,955,297		12,508,806
Investing activities					
Acquisition of working interest	5		–		(5,000,000)
Exploration and evaluation expenditures	9		(10,523)		(2,563,518)
Property and equipment expenditures	10		(7,983,346)		(10,352,624)
Settlement of contingent consideration liability	14		(219,888)		–
Collection of contingent consideration receivable	14		86,022		57,448
Decommissioning expenditures	15		–		(130,218)
Investments			(5,188,028)		–
Change in non-cash working capital	25		(513,442)		1,706,386
Net cash used in investing activities			(13,829,205)		(16,282,526)
Change in cash and cash equivalents			(80,370)		(2,438,905)
Foreign exchange effect on cash and cash equivalents held in foreign currencies			(264,875)		(245,461)
Cash and cash equivalents, January 1			536,752		3,221,118
Cash and cash equivalents, December 31		$	191,507	$	536,752
Cash and cash equivalents are comprised of:	25				
Cash in banks		$	191,507	$	536,752

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 2400, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1.

As at December 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. See Note 27(a).

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.

For the year ended December 31, 2023, the Company reported a loss of $8.1 million (2022: $5.9 million) and a working capital deficit of $11.8 million at that date (2022: $1.3 million working capital deficit). As of December 31, 2023, the carrying amount of notes payable outstanding is $28.9 million (Note 12), of which $12.3 million is classified as a current liability. The maturities of the Company's financial liabilities based on contractual cash flows are disclosed in Note 27(c). In addition, the Company has significant future capital commitments to develop its properties (Note 29).

On February 1, 2024, the Company's wholly owned subsidiary, Crown Point Energía S.A. ("Crown Point Energía"), entered into an asset sale and purchase agreement (the "Acquisition Agreement") with Pan American Energy S.L., Sucursal Argentina (the "Seller") to acquire the Seller's 100% working interest in the Piedra Clavada and Koluel Kaike hydrocarbon exploitation concessions ("the Santa Cruz Concessions", and collectively, the "Acquisition"). The purchase price is comprised of $12 million cash, subject to closing adjustments, plus contingent in-kind consideration payable throughout a 15-year period following closing. See Note 30.

The ability of the Company to continue as a going concern is dependent upon the Company's ability to obtain additional financing through bank debt and/or the issuance of notes payable or equity, and the generation of funds from operating activities to meet current and future obligations. Management plans to secure the necessary financing for its debt and future capital commitments through the issuance of new notes payable or other debt or equity instruments, however, there is no assurance that these initiatives will be successful. The need to obtain additional capital to repay or refinance bank debt and notes payable and to fund the Company's existing commitments, including the purchase price for the proposed Acquisition Agreement and ongoing operations, creates a material uncertainty that may cast significant doubt about the Company's ability to meet its obligations as they become due, and accordingly, the appropriateness of the use of accounting principles applicable to 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:

(a) Statement of compliance

The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 11, 2024.

(b) Basis of measurement

The consolidated financial statements have been prepared in accordance with IFRS on a historical cost basis except as otherwise noted.

(c) Functional and presentation currency

The functional currency of the parent company and its subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The presentation currency for a company is the currency inwhich the company chooses to present its consolidated financial statements.

The functional currency of CanAmericas (Argentina) Energy Ltd. ("CanAmericas") and Crown Point Energía is the United States dollar ("USD"); the functional currency of the Company is the Canadian dollar ("CAD").

The presentation currency of the Company is the USD.

(d) Adoption of amended accounting standards

The Company adopted the following amendments to IFRS Accounting Standards that are mandatorily effective for accounting periods beginning on or after January 1, 2023. Their adoption has not had a material impact on disclosures or amounts reported in these consolidated financial statements.

IAS 1 Presentation of Financial Statements

Amendments to IAS 1 require that companies disclose their material accounting policies rather than their significant accounting policies and explain how a company identifies its material accounting policies.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

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.

IAS 12 Income Taxes

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.

(e) Use of judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position are as follows:

Critical accounting judgments

- Functional currency

  The determination of the functional currency for the Company and each of its subsidiaries was based on management's judgment of the underlying transactions, events, and conditions relevant to each entity.

- Joint arrangements

  Judgment is required to determine when the Company has joint control over an arrangement. In establishing joint control, the Company considers whether unanimous consent is required to direct the activities that significantly affect the returns of the arrangement, such as the capital and operating activities of the arrangement.

  Once joint control has been established, judgment is also required to classify as a joint arrangement. The type of joint arrangement is determined through analysis of the rights and obligations arising from the arrangement by considering its structure, legal form, and terms agreed upon by the parties sharing control. An arrangement where the controlling parties have rights to the assets and revenues and obligations for the liabilities and expenses is classified as a joint operation.

- Cash-generating units

  The Company's assets are aggregated into cash-generating units ("CGUs") based on an assessment of the unit's ability to generate independent cash inflows. The Company has two CGUs: (1) the Tierra del Fuego ("TDF") CGU comprised of the TDF Concessions and (2) the Mendoza CGU comprised of the Chañares Herrados ("CH") Concession and the Puesto Pozo Cercado Oriental ("PPCO") Concession. The determination of the Company's CGUs was based on management's judgment regarding shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality.The allocation of assets into CGUs requires significant judgment and interpretations with respect to determining the smallest group of assets that generate cash inflows that are largely independent of eachother.

- Impairment

  Judgments are required to assess when impairment indicators are evident and impairment testing is required.

- Exploration and evaluation assets

  The application of the Company's accounting policy for exploration and evaluation assets requires management to

make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found.

- Leases

  The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term. Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

- Current and deferred taxes

  Tax interpretations, regulations, court rulings and legislation in the various jurisdictions in which the Company operates are subject to change. As such, current and deferred taxes are subject to measurement uncertainty. Management uses judgment to assess deferred tax assets at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

- Contingencies

  By their nature, contingencies will only be resolved when one or more future events occur or fail to occur.The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. Although the Company believes it has title to its oil and natural gas properties, it cannot control or completely protect itself against the risk of title disputes or challenges.

Key sources of estimation uncertainty

- Reserves

  The estimate of petroleum and natural gas reserves is integral to the calculation of the amount of depletion charged to the consolidated statement of loss and comprehensive loss and is also a key determinant in measuring the recoverable amount of the Company's development and production (“D&P) assets when indicators of impairment are present. Changes in reported reserves can impact asset carrying values and the decommissioning provision due to changes in expected future cash flows.

  The Company’s reserves are evaluated and reported on by independent reserve engineers at least annually in accordance with Canadian Securities Administrators’ National Instrument 51-101. Reserve estimation is based on a variety of factors including engineering data, geological and geophysical data. Significant assumptions include projected future rates of production, future commodity pricing and operating costs and timing and amount of future development expenditures, all of which are subject to significant judgment and interpretation.

- Carrying value of D&P assets and exploration and evaluation (“E&E”) assets

  If any indication exists that an asset or CGU may be impaired, the Company estimates the recoverable amount. The recoverable amounts of individual assets and CGUs are determined based on the higher of value-in-use and fair value less cost of disposal (if available and reliably estimated).

  These calculations require the use of estimates and assumptions, such as estimates of petroleum and natural gas proved and probable reserves (the “reserves”), future production rates, oil and natural gas prices, future operating cost and development expenditures and other relevant assumptions, all of which are subject to change. A material adjustment to the carrying value of the Company’s development and production, exploration and evaluation assets may be required due to changes to these estimates and assumptions.

  The Company’s concessions and exploration permits may be subject to renewals and/or extensions which require approval from local government authorities. The Company has been successful in obtaining approvals for renewals and extensions for certain of its concessions and exploration permits. As there is no indication that pending extensions will not be approved, management has used judgment to conclude that all extensions will be approved. If the Company fails to obtain future renewals and/or extensions, estimates of petroleum and natural gas proved and probable reserves may be negatively impacted.

- Depletion and depreciation

  Amounts recorded for depletion and depreciation and amounts used for impairment calculations are based on estimates of total petroleum and natural gas proved and probable reserves and future development capital. By their nature, the estimates of reserves, including the estimates of future prices, costs and future cash flows, are subject to measurement uncertainty. Accordingly, the impact on the consolidated financialstatements in future periods could be material.

- Decommissioning provision

  Amounts recorded for the Company's decommissioning provision require the use of management's best estimates of future decommissioning expenditures, expected timing of expenditures and future inflation rates. The estimates are based on internal and third-party information and calculations and are subject to change over time and may have a material impact on profit and loss or financial position.

- Deferred taxes

  Deferred taxes are based on estimates as to the timing of the reversal of temporary and taxable differences, substantively enacted tax rates and the likelihood of assets being realized.

3. MATERIAL ACCOUNTING POLICIES:

An accounting policy is considered material to the Company if it provides information to facilitate the understanding of other material information reported and disclosed in the Company's consolidated financial statements. Accounting policy information may be material because of the nature of the related transactions, other events, or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Company's material accounting policies are as follows:

(a) Consolidation

Subsidiaries

These consolidated financial statements include the accounts of the Company and its wholly owned Argentine subsidiaries, CanAmericas and Crown Point Energía.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Business combinations

The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS Accounting Standards. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of acquisition over the recognized amounts of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, a bargain purchase gain is recognized immediately in profit or loss. Acquisition costs incurred are expensed.

Joint operations

The Company's oil and natural gas activities involve joint operations. The consolidated financial statements include the Company's share of the jointly controlled assets, liabilities and a proportionate share of the relevant revenue and related costs.

Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

(b) Foreign currency translation

Foreign currency transactions are translated into the respective functional currencies of the Company and its subsidiaries using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

The financial results and position of the Canadian parent whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of the Canadian parent are transferred directly to the Company's exchange difference on translation of Canadian parent company in the consolidated statement of loss and comprehensive loss and are reported as a separate component of shareholders' equity titled "Accumulated Other Comprehensive Loss".

(c) Inventory

Inventory is stated at the lower of cost and net realizable value. The cost of producing crude oil is accounted for on a weighted average basis. This cost includes all expenditures incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil is the production cost, including royalties and the appropriate proportion of depletion and depreciation and such costs are excluded from the consolidated statement of income (loss) and comprehensive income (loss) until such time as the related inventory is sold. Net realizable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any expected selling costs.

(d) E&E assets

Exploration and evaluation expenditures

All costs incurred prior to obtaining the legal right to explore an area are expensed when incurred.

Generally, costs directly associated with the exploration and evaluation of crude oil and natural gas reserves are initially capitalized. Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been demonstrated. These costs generally include unproved property acquisition costs, geological and geophysical costs, sampling and appraisals, drilling and completion costs, the projected cost of retiring the assets and any directly attributable general and administrative expenses. Interest and borrowing costs incurred on E&E assets are not capitalized.

E&E costs are not depleted and are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability, which is assessed at least annually. Technical feasibility and commercial viability is generally considered to be demonstrable when petroleum and natural gas proved or probable reserves have been assigned and there is a reasonable assessment of the economics associated with the future production of those reserves, required government and regulatory approvals have been obtained or are likely to be obtained, and management has made the decision to proceed with development and production of those reserves by incurring the future capital costs attributed to them. When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, E&E assets are tested for impairment and reclassified from E&E assets to D&P assets, a separate category within property and equipment.

(e) Property and equipment

Development and production expenditures

D&P assets include costs incurred in developing commercial reserves and bringing them into production, together with the E&E expenditures incurred in finding the commercial reserves that have been reclassified from E&E assets as outlined above, the projected cost of retiring the assets and any directly attributable general and administrative expenses. Items of property and equipment, including D&P assets, are carried at cost less accumulated depletion and depreciation and accumulated impairment losses.

When significant parts of an item of property and equipment, including D&P assets, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property and equipment, including D&P assets, are determined by comparing the proceeds of disposal with the carrying amount of the item and are recognized in profit or loss.

Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability, costs of replacing parts of property and equipment and workovers of property and equipment are recognized only if they increase the economic benefits of the assets to which they relate. All other expenditures are recognized in profit or loss when incurred. The carrying amounts of previous inspections or any replaced or sold components are derecognized. The costs of day-to-day servicing of an item of property and equipment are recognized in profit or loss as incurred.

Depletion and depreciation

The net book value of producing assets is depleted on a field-by-field basis using the unit of production method with reference to the ratio of production in the year to the related petroleum and natural gas proved and probablereserves, taking into account estimated future development costs necessary to bring those reserves intoproduction. For purposes of these calculations, relative volumes of natural gas production and reserves are converted at the energy equivalent conversion rate of six thousand cubic feet of natural gas to one barrel of crudeoil.

Other assets are depreciated over the estimated useful lives of the assets using a 20% declining balance basis for Canadian office furniture and equipment, a straight-line basis over 3 – 10 years for Argentina office furniture and equipment and a straight-line basis over the term of the lease for all leasehold improvements.

(f) Impairment of E&E assets and D&P assets

At the end of each reporting period, the Company reviews E&E assets and D&P assets for circumstances that indicate such assets may be impaired. E&E assets are also assessed for impairment when they are reclassified to D&P assets. For the purpose of impairment testing, E&E assets are grouped by concession or field with other E&E assets and D&P assets belonging to the same CGU, which is the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. Impairment is identified by comparing the recoverable amount of the E&E impairment grouping to the related carrying amount.

If any such indication of impairment exists, the Company determines the CGUs recoverable amount. Impairment is identified by comparing the recoverable amount of the CGU to the related carrying amounts. A CGU's recoverable amount is the higher of its value-in-use and fair value less cost of disposal, using a discounted cash flow method.

In assessing value-in-use, the estimated cash flows of the related CGU are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less cost of disposal is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost of disposal of oil and gas assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU. The reserves are evaluated and reported on by independent reserve engineers (management's experts).

When the recoverable amount is less than the carrying amount, the asset or CGU is impaired. For impairment losses identified on a CGU, the loss is first allocated to reduce the carrying amount of goodwill, should it exist, then allocated on a pro rata basis to the assets within the CGU. Impairment losses are recognized in profit or loss.

At the end of each subsequent reporting period, these impairments are assessed for indicators of reversal. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depletion, had no impairment loss have been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized in profit or loss. An impairment loss in respect of goodwill is not reversed.

(g) Decommissioning provision

The Company recognizes a decommissioning provision in the period in which a well is drilled or acquired and a reasonable estimate of the future costs associated with removal, site restoration and asset retirement can be made. The estimated decommissioning provision is recorded with a corresponding increase in the carrying amount of the related cost center.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the provision is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

(h) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

(i) Taxes

Taxes on earnings for the periods presented are comprised of current and deferred tax. Taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax interpretations, court rulings and tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to

previous years.

Deferred tax is recorded, using the statement of financial position method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred tax is not recorded on taxable temporary differences arising on the initial recognition of goodwill or on the initial recognition of assets and liabilities in a transaction other than a business combination that affects neither accounting nor taxable profit or loss. Deferred tax is also not recorded on differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(j) Financial instruments

The Company classifies its financial instruments in the following measurement categories:

- subsequently measured at fair value (either through profit or loss (“FVTPL”) or other comprehensiveincome (“FVOCI”); and
- subsequently measured at amortized cost.

The classification depends on the Company’s business model for managing the financial instruments and the contractual terms of the cash flows.

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, other non-current assets, restricted cash, trade and other payables, bank debt, notes payable and contingent consideration liability and receivable. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at FVTPL, any directly attributable transaction costs. Transaction costs of financial assets measured at FVTPL are expensed in profit or loss.

Subsequent to initial recognition, the Company’s non-derivative financial instruments are measured as described below:

- Financial assets at FVTPL

  Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. A financial asset is classified at FVTPL unless it is measured at amortized cost or classified as FVOCI. However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVTPL to present subsequent changes in FVOCI with no reclassification of realized gains or losses to profit or loss upon de-recognition of the equity instruments.

- Financial liabilities at FVTPL

  The Company classifies the contingent consideration liability as FVTPL. A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

  Financial liabilities at FVTPL (other than financial liabilities designated at FVTPL) are measured at fair value with changes in fair value, along with any interest expense, recognized in profit or loss. Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

  A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a de-recognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is

substantially modified it is considered to be extinguished and a gain or loss is recognized in profit or loss based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is re-measured based on the new cash flows and a gain or loss is recorded in profit or loss.

- Financial instruments at amortized cost

  The Company classifies cash and cash equivalents, trade and other receivables, other non-current assets and restricted cash (non-derivative financial assets with fixed or determinable payments that are not quoted in an active market) and trade and other payables, bank debt and notes payable as financial instruments at amortized cost. These financial instruments are measured at amortized cost using the effective interest method, less any impairment losses. Any gain or loss arising on de-recognition is recognized directly in profit or loss. Impairment losses are recognized in the consolidated statement of loss and comprehensive loss.

(k) Impairment of financial instruments

The Company assesses, on a forward-looking basis, the expected credit losses associated with financial instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9 Financial Instruments.

(l) Segmented operations

The Company has one operating segment in Argentina where all natural gas, oil and condensate sales revenue is derived from upstream operations and E&E assets and all material property and equipment are located. Cash and cash equivalents are held in Argentina, Canada and the United States and all of the restricted cash at December 31, 2023 and 2022 is held in Argentina. The Company does not have any revenue in Canada other than minor interest earned on cash balances.

(m) Revenue recognition

The Company recognizes revenue from the sale of oil and natural gas when control of the product transfers to the buyer and collection is reasonably assured. This is generally at the point in time when the customer obtains legal title to the product which is when it is physically transferred to the pipeline or other transportation method agreed upon. Sales of oil and natural gas are based on variable pricing based on benchmark commodity prices and other variable factors including quality, location and other factors.

(n) New and amended standards not yet adopted

The Company has reviewed new and amended accounting pronouncements that have been issued but are not yet effective and determined that the following amendment is applicable to the Company but is not expected to have a material impact:

IAS 1 Presentation of Financial Statements

Effective January 1, 2024, amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability as current or non-current.

4. DETERMINATION OF FAIR VALUES:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial instruments

The fair values of cash and cash equivalents, investments, trade and other receivables, other current assets, restricted cash and trade and other payables are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At December 31, 2023 and 2022, the fair value of these balances approximated their carrying amount due to their short term to maturity.

The fair values of the contingent consideration receivable, contingent consideration liability, notes payable, lease liability and bank debt are based on the discounted present value of future cash flows and approximate carrying amounts.

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1– Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash and

cash equivalents and restricted cash are a Level 1 financial asset.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward rates for interest rate, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Bank debt is a Level 2 financial instrument.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data. The contingent consideration receivable, contingent consideration liability, notes payable and lease liability are Level 3 financial instruments.

The discounted after-tax cash flows expected to be derived from the Company's CGUs' petroleum and natural gas proved and probable reserves utilized in impairment tests performed in 2023 and 2022 (Note 21) are also Level 3 financial instruments.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

5. ACQUISITION OF WORKING INTEREST:

Effective July 1, 2022, the Company acquired a 50% working interest in the Puesto Pozo Cercado Oriental hydrocarbon exploitation concession (the "PPCO Concession") from Aconcagua for a cash payment of $5 million and up to an additional $7.53 million 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 PPCO Concession (the "Contingent Consideration"), 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.

Aconcagua retained the remaining 50% working interest in the PPCO Concession. The PPCO Concession, which expires in August 2043, is located in the Cuyana basin in the Province of Mendoza adjacent to the CH Concession and covers approximately 63 square kilometers.

Under the terms of the exploitation license agreement, the joint venture will pay an 18.2% royalty on oil production and commit to a $26.8 million ($13.4 million net to Crown Point) work program which includes well work overs, infrastructure optimization and a multi-well drilling program that must be fulfilled by August 2028. The PPCO Concession is operated jointly with the CH Concession by Aconcagua.

The acquisition of the 50% working interest in the PPCO Concession was accounted for as a business combination in accordance with IFRS 3 Business Combinations whereby the identifiable assets acquired and liabilities assumed were recorded at their fair values on the acquisition date as follows:

Fair value of net assets:		Final fair values
Property and equipment (Note 10)	$	7,384,544
Inventory		8,948
Working capital		109,772
Decommissioning provision (Note 15)		(89,021)
Deferred tax liability		(723,236)
	$	6,691,007
Consideration:		
Cash	$	5,000,000
Working capital		141,654
Contingent consideration liability (Note 14)		1,549,353
	$	6,691,007

Management determined this fair value based on the net present value of the estimated future cash flows expected to arise from the continued use of the acquired property and equipment assets, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows were discounted at a discount rate which would be applied by a market participant to arrive at a net present value of the assets.

The assumptions and estimates used to determine the acquired proved and probable reserves and the fair value of the acquired property and equipment assets require significant judgment by management and include acquired proved and probable reserves, projected future rates of production, future commodity pricing, timing and amount of future expenditures and the discount rate. The acquired proved and probable reserves were evaluated and reported on by independent reserve engineers (management's experts).

During 2022, the Company incurred $76,836 of costs related to the acquisition which are included in general and administrative expenses.

Since the acquisition date on July 1, 2022 to December 31, 2022, the PPCO Concession contributed $1.4 million of oil and gas sales revenue and $0.4 million of net operating income. Had the acquisition occurred on January 1, 2022, the Company estimates that revenue from oil and gas sales in 2022 would have increased by approximately $2.8 million and net operating income in 2022 would have increased by approximately $0.9 million. The pro forma information is not necessarily representative of future revenue and operations.

6. INVESTMENTS:

		2023		2022
Investments at amortized cost				
Term deposits	$	277	$	–
Total investments at amortized cost		277		
Investments at fair value with changes in results				
Mutual funds		1,179,942		–
Bonds		618,494		
Notes receivable	$	869,079	$	–
Total investments at fair value with changes in results		2,667,515		–
Total investments	$	2,667,792	$	–

7. 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 sold 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 represents 89% of oil revenue reported in 2023 comprise $1,394,639 of accounts receivable at December 31, 2023 (2022 – three major purchasers, 93% of oil revenue, $2,378,567 of accounts receivable) and two major purchasers that represent 75% of natural gas revenue reported in 2023 comprise $290,808 of accounts receivable at December 31, 2023 (2022 – three major purchasers, 58% of natural gas revenue, $615,979 of accounts receivable) (Note 20).

The Company’s maximum exposure to credit risk at December 31, 2023 and 2022 in respect of trade and other receivables consists of:

		2023		2022
Due from Argentine companies	$	1,470,396	$	1,139,064
Due from an international company		296,157		2,378,567
Due from related parties (Note 27(e))		290,769		80,699
Other receivables		95,157		195,845
Allowance for credit losses		(235,039)		(257,520)
Total trade and other receivables	$	1,917,440	$	3,536,655

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

		2023		2022
Not past due (less than 90 days)	$	1,934,822	$	3,476,022
Past due (more than 90 days)		217,657		318,153
		2,152,479		3,794,175
Allowance for credit losses		(235,039)		(257,520)
Total trade and other receivables	$	1,917,440	$	3,536,655

8. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

		2023		2022
Prepaid expenses	$	1,027,441	$	2,541,319
Value Added Tax		375,406		1,652,865
Total prepaid expenses and other current assets	$	1,402,847	$	4,194,184

Value Added Tax ("VAT") on purchases is applied against VAT on sales to reduce the amount paid to the Argentine Government. VAT is included in prepaid expenses when amounts are expected to be offset with VAT on current sales. VAT does not expire and may be carried forward indefinitely.

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

		2023		2022
Carrying amount, beginning of year	$	14,115,555	$	12,210,949
Additions		10,523		2,563,518
Decommissioning revisions (Note 15)		(22,725)		(10,461)
Loss on decommissioning (Note 15)		–		(78,560)
Government grants		–		(569,891)
Carrying amount, end of year	$	14,103,353	$	14,115,555

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

During 2022, the Company fulfilled the decommissioning obligation for an E&E well that was written-off in a previous year. The loss on decommissioning represents the write-off of the carrying amount of decommissioning revisions related to the previously written-off well.

Government grants

During 2022, the Company received ARS 100.7 million ($0.6 million) of Program II turnover tax and royalty credits related to investments in the Cerro de Los Leones ("CLL") Concession.

10. PROPERTY AND EQUIPMENT:

	Argentina			Canada	
	Development and production assets	Right-of-use assets	Other assets	Other assets	Total
Cost:	$	$	$	$	$
Balance, December 31, 2021	102,867,626	367,468	538,617	308,465	104,082,176
Additions	10,267,317	–	85,307	–	10,352,624
Acquisition (Note 5)	7,384,544	–		–	7,384,544
Government grants	(169,677)	–	–	–	(169,677)
Decommissioning revisions (Note 15)	(795,367)	–	–	–	(795,367)
Right-of-use asset addition (Note 16)	–	1,397,670	–	–	1,397,670
Right-of-use asset revisions (Note 16)	–	(151,015)	–	–	(151,015)
Effect of change in exchange rates	–	(107,998)	–	(20,222)	(128,220)
Balance, December 31, 2022	119,554,443	1,506,125	623,924	288,243	121,972,735
Additions	7,948,804	–	34,542	–	7,983,346
Government grants	(70,468)	–	–	–	(70,468)
Decommissioning revisions (Note 15)	(1,299,515)	–	–	–	(1,299,515)
Right-of-use asset revisions (Note 16)	–	(260,968)	–	–	(260,968)
Effect of change in exchange rates	–	(19,544)	–	6,949	(12,595)
Balance, December 31, 2023	126,133,264	1,225,613	658,466	295,192	128,312,535
Accumulated depletion and depreciation:					
Balance, December 31, 2021	57,833,043	59,085	477,674	297,032	58,666,834
Depletion and depreciation	7,384,427	56,447	48,022	3,338	7,492,234
Right-of-use asset revisions (Note 16)	–	(39,809)	–	–	(39,809)
Effect of change in exchange rates	–	(16,528)	–	(19,606)	(36,134)
Balance, December 31, 2022	65,217,470	59,195	525,696	280,764	66,083,125
Depletion and depreciation	7,137,984	514,740	51,672	2,252	7,706,648
Right-of-use asset revisions (Note 16)	–	(187,860)	–	–	(187,860)
Effect of change in exchange rates	–	(6,928)	–	6,815	(113)
Balance, December 31, 2023	72,355,454	379,147	577,368	289,831	73,601,800
Accumulated impairment:					
Balance, December 31, 2021	9,879,000	–	–	–	9,879,000
Addition (Note 21)	2,047,000	–	–	–	2,047,000
Balance, December 31, 2022	11,926,000	–	–	–	11,926,000
Recovery (Note 21)	(3,050,000)	–	–	–	(3,050,000)
Balance, December 31, 2023	8,876,000	–	–	–	8,876,000
Net carrying amount:					
At December 31, 2022	42,410,973	1,446,930	98,228	7,479	43,963,610
At December 31, 2023	44,901,806	846,466	81,098	5,361	45,834,731

Government grants

In December 2020 and July 2021, respectively, the Province of Mendoza created the Mendoza Activa Hydrocarbons Program ("Program I") and the Mendoza Activa Hydrocarbons II Program (“Program II”) (collectively, the "Mendoza Activa Programs") to promote and increase the development and reactivation of hydrocarbon activity in the Province. Program II will provide a refund (“government grant”) of up to 40% of amounts invested in Province prior to December 31, 2022, that meet certain technical and economic requirements. Government grants are paid as follows:

- 50% in the form of a turnover tax credit that is freely transferable and may be applied against up to 10% of the holder’s monthly turnover tax balance; and
- 50% in the form of a royalty credit that can be applied against provincial royalties on incremental production obtained from the related investment.

Government grants received under Program I expired on December 31, 2023 and government grants received under Program II expire on December 31, 2025, and may be extended for up to three years if certain criteria are met.

During 2023, the Company received ARS 16.6 million ($0.07 million) (2022 – ARS 27.2 million ($0.2 million)) of Program I and Program II turnover tax and royalty credits of related to investments in the CH Concession.

Future development costs

The depletion expense calculation for the year ended December 31, 2023 included $76.2 million (2022 – $59.9 million) for estimated future development costs associated with petroleum and natural gas proved and probable reserves in Argentina.

11. BANK DEBT:

The Company's bank debt is not subject to covenants. A continuity of the Company's current bank debt is as follows:

		2023		2022
Balance, beginning of year	$	4,123,737	$	–
Proceeds		9,942,439		17,111,226
Repayments		(10,443,329)		(11,313,004)
Interest accrued (Note 23)		2,367,463		1,849,651
Interest paid		(2,399,339)		(1,598,687)
Effect of change in exchange rates		(3,082,857)		(1,925,449)
Balance, end of year	$	508,114	$	4,123,737

As at December 31, 2023 and 2022, bank debt was comprised of the following balances:

		2023		2022
Banco Hipotecario S.A. (b)	$	–	$	3,476,900
Banco Galicia S.A.U. (e)		67,019		–
Banco de la Nación S.A.(h)		441,095		646,837
	$	508,114	$	4,123,737

(a) HSBC Bank Argentina S.A. ("HSBC")

On June 9, 2022, the Company obtained a $1 million export financing loan with HSBC at an annual interest rate of 3% all of which was repaid on August 4, 2022.

On June 22, 2022, the Company obtained an overdraft loan of up to ARS 50 million ($0.4 million) with HSBC at an interest rate of 54% per annum, of which 38.5 million ($0.3 million) was drawn on the overdraft loan and repaid on July 7, 2022.

On October 4, 2022, the Company obtained a $0.9 million export financing loan with HSBC at an annual interest rate of 4% all of which was repaid on November 24, 2022.

On December 1, 2022, the Company obtained a $0.2 million export financing loan with HSBC at an annual interest rate of 3.75% all of which was repaid on December 27, 2022.

During 2022, the Company recognized $17,691 of interest on the HSBC loans all of which was paid in the year.

(b) Banco Hipotecario S.A.

The Company has an overdraft loan agreement available until April 30, 2024 of up to ARS 800 million ($1 million) with Banco Hipotecario S.A. at variable interest rate which is determined monthly. The overdraft loan is guaranteed by Grupo ST S.A. or ST Inversiones S.A. under an agreement with Banco Hipotecario S.A. pursuant to which the Company is charged a loan guarantee fee of 1% of the loan balance per annum (Note 27(c) and (d)).

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

During 2023, the Company recognized $1,438,542 (2022 – $946,452) of interest on the Banco Hipotecario S.A. overdraft loan, of which $1,553,832 (2022 – $722,368) was paid and $nil is included in the loan balance as at December 31, 2023 (December 31, 2022 – $224,084).

(c) Sociedad de Bolsa Centaurus S.A.

On January 14, 2022, the Company obtained a $0.5 million working capital loan with Sociedad de Bolsa Centaurus S.A. at an interest rate of 4% per annum and a fee of 0.5% of the loan principal. The loan plus $384 of accrued interest was repaid on January 21, 2022.

On April 13, 2022, the Company obtained a $0.25 million working capital loan with Sociedad de Bolsa Centaurus S.A. at an annual interest rate of 4% and a commission fee of 0.5% of the principal of the loan. The loan plus $384 of accrued interest was paid on April 27, 2022.

(d) Banco CMF S.A.

On February 18, 2022, the Company obtained an ARS 30 million ($0.3 million) working capital loan with Banco CMF S.A. which was repaid in August 2022. The interest rate was 46% for the first month and thereafter was calculated based on the BADLAR Corregida plus 4.5% per annum (68.76%). The Company paid a structuring fee of 0.5% of the loan principal.

In February 2023, the Company obtained an overdraft loan for an amount of up to ARS 60 million ($0.3 million) with Banco CMF S.A. In August 2023, the overdraft loan agreement limit was increased up to ARS 80 million ($0.2 million) at an annual interest rate of 146%. The overdraft loan can be renewed monthly on new terms and conditions. As at December 31, 2023, a total of $nil (December 31, 2022 – $nil) was drawn on the overdraft loan.

During 2023, the Company recognized $83,730 (2022 – $70,918) of interest on Banco CMF S.A. loan, all of which was paid.

(e) Banco Galicia S.A.U.

On March 18, 2022, the Company obtained an ARS 30 million ($0.3 million) working capital loan with Banco Galicia S.A.U. repayable on October 23, 2022 and at an interest rate of 41% calculated and payable monthly. The working capital loan was repaid on September 19, 2022.

On April 6, 2022, the Company obtained an overdraft loan for up to ARS 10 million ($0.1 million) with Banco Galicia S.A.U. at an annual interest rate of 55% to 67%. The Company drew ARS 9.9 million ($0.1 million) on the overdraft loan, all of which was repaid on July 7, 2022.

On February 6, 2023, the Company obtained a working capital loan of ARS 50 million ($0.3 million) with Banco Galicia S.A.U., which accrued an annual interest rate of 70% payable monthly and was repaid on May 8, 2023.

On June 13, 2023, the Company obtained a working capital loan of ARS 50 million ($0.2 million) with Banco Galicia S.A.U., which accrued an annual interest rate of 104% payable monthly and was repaid on July 18, 2023.

In February 2023, the Company obtained an overdraft loan for an amount of ARS 50 million ($0.3 million) with Banco Galicia S.A.U. In July 2023, the overdraft loan agreement limit was increased up to ARS 80 million ($0.2 million) at an annual interest rate of 156%. The overdraft loan can be renewed monthly agreeing to new terms and conditions. As at December 31, 2023, a total of $nil (December 31, 2022 – $nil) was drawn on the overdraft loan.

On October 5, 2023, the Company obtained a working capital loan of ARS 50 million ($0.2 million) with Banco Galicia S.A.U. at an annual interest rate of 115% payable monthly. The working capital loan is repayable on June 4, 2024. As at December 31, 2023, a total of ARS 50 million ($0.1 million) (December 31, 2022 – $nil) was drawn on the working capital loan.

During 2023, the Company recognized $186,958 (2022 – $67,388) of interest on the Banco Galicia S.A.U. loans, of which $177,443 (2022 – $67,388) was paid and $5,173 is included in the loan balance as at December 31, 2023 (December 31, 2022 – $nil).

(f) Banco Macro S.A.

On April 12, 2022, the Company obtained an ARS 250 million ($2.3 million) working capital loan with Banco Macro S.A. at an annual interest rate of 48.5%. The loan plus $161,196 of accrued interest was repaid on June 11, 2022. The loan was guaranteed by ST Inversiones S.A. (Note 27(d)).

On July 7, 2022, the Company obtained an ARS 300 million ($2.4 million) working capital loan with Banco Macro S.A., at an annual interest rate of 58% and guaranteed by ST Inversiones S.A. (Note 27(d)). The loan plus $288,179 of accrued interest was repaid on October 5, 2022.

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%. The overdraft loan was repaid on April 20, 2023.

On April 27, 2023, the Company obtained a working capital loan of $2 million, which accrued interest at an annual rate of 8% payable monthly. The working capital loan was repaid on July 31, 2023.

On October 4, 2023, the Company obtained a $0.6 million export financing loan with Banco Macro S.A. at an annual interest rate of 7% which was repaid in December 2023.

On October 17, 2023, the Company obtained a $0.7 million export financing loan with Banco Macro S.A. at an annual interest rate of 7% which was repaid in December 2023.

On November 15, 2023, the Company obtained an ARS 384 million ($1.1 million) loan Banco Macro S.A. at an annual interest rate of 157% which was repaid in December 2023.

During 2023, the Company recognized $172,824 (2022 – $450,816) of interest on the Banco Macro S.A. loans, all of which was paid.

(g) Banco Supervielle S.A.

On May 19, 2022, the Company obtained an ARS 40 million ($0.3 million) working capital loan with Banco Supervielle S.A. at an annual interest rate of 57.5% and repayable on November 11, 2022.

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 accrued an annual interest rate of 88% payable monthly. The working capital loan was repaid on June 9, 2023.

On June 28, 2023, the Company obtained a working capital loan for an amount of ARS 60 million ($0.2 million) with Banco Supervielle S.A., which accrued an annual interest rate of 113.5% payable monthly and was repaid on August 28, 2023.

During 2023, the Company recognized $93,349 (2022 – $80,786) of interest on the Banco Supervielle S.A. loans, all of which was paid.

(h) Banco de la Nación S.A. (“BNA”)

As at December 31, 2023, the Company had a credit limit of ARS 288 million ($0.4 million) available which can be drawn and repaid in various amounts. The terms for each amount drawn as at December 31, 2023 and 2022 are as follows:

(i) BNA Working Capital Loan I

The BNA Working Capital Loan I was obtained on June 7, 2022 and is repayable in five equal installments commencing on September 5, 2022 until the maturity date of June 2, 2023, 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 2023, the Company repaid the final two installments of the loan in the amount of ARS 55 million ($0.2 million) (2022 – repaid ARS 55 million ($0.4 million). As at December 31, 2023, the amount drawn on the BNA Working Capital Loan I was $nil (December 31, 2022 – ARS 55 million ($0.3 million)).

(ii) BNA Working Capital Loan II

The BNA Working Capital Loan II was obtained on December 15, 2022 and is repayable in four equal installments commencing on January 16, 2023 until the maturity date of December 13, 2023, 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 2023, the Company repaid the loan in the amount of ARS 55 million ($0.2 million). As at December 31, 2023, the outstanding amount on the BNA Working Capital Loan II was $nil (December 31, 2022 – ARS 55 million ($0.3 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 the maturity date of March 11, 2024 and bearing interest at a variable rate based on the BADLAR(1) plus 10%. During 2023, the Company repaid three installments of the loan in the amount of ARS 20.6 million ($0.07 million). As at December 31, 2023, the outstanding amount on the BNA Working Capital Loan III was ARS 6.9 million ($0.01 million).

(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 the maturity date of March 19, 2024 and bearing interest at a variable rate calculated and payable quarterly based on the BADLAR(1) plus 10% per annum. During 2023, the Company repaid three installments of the loan in the amount of ARS 10.3 million ($0.03 million). As at December 31, 2023, the outstanding amount on the BNA Working Capital Loan IV was ARS 3.4 million ($0.004 million).

(v) BNA Working Capital Loan V

On June 27, 2023, the Company obtained an ARS 51.5 million ($0.2 million) BNA Working Capital Loan V repayable in four equal installments commencing on September 27, 2023 until the maturity date of June 24, 2024 and bearing interest at a variable rate calculated and payable quarterly based on the BADLAR(1) plus 10% per annum. During 2023, the Company repaid two installments of the loan in the amount of ARS 25.8 million ($0.05 million). As at December 31, 2023, the outstanding amount on the BNA Working Capital Loan V was ARS 25.8 million ($0.03 million).

(vi) BNA Working Capital Loan VI

On October 3, 2023, the Company obtained an ARS 87 million ($0.25 million) BNA Working Capital Loan VI with Banco Nación S.A. that is repayable in four equal installments commencing on January 2, 2024 until the maturity date of September 30, 2024, and bearing interest at a variable rate based on the BADLAR(1) plus 10% per annum, calculated and payable quarterly. As at December 31, 2023, the outstanding amount on the BNA Working Capital Loan VI was ARS 87 million ($0.11 million).

As at December 31, 2023, a total of ARS 123.1 million ($0.15 million) (December 31, 2022 – ARS 110 million ($0.6 million)) was drawn on the BNA working capital loans.

On December 4, 2023, the Company obtained an ARS 187.5 million export financing loan with BNA at an annual interest rate of 139.25% which was repaid on January 23, 2024 (Note 30(a)).

During 2023, the Company recognized $387,059 (2022 – $214,832) of interest on the BNA loans, of which $131,161 (2022 – $187,952) of interest was paid and $56,950 is included in the loan balance as at December 31, 2023 (December 31, 2022 – $26,880).

(1) As at December, 2023, the BADLAR rate was 109.75% (December 31, 2022 – 69.375%).

(i) Related party loan

On July 11, 2023, the Company obtained a loan for an amount of $300,000 from Mr. Pablo Peralta, which accrues interest at an annual rate of 4% with a maturity date of 180 days. During 2023, the Company recognized $5,000 of interest on the loan. The loan and accrued interest was repaid in December 2023 (Note 27(b)).

12. NOTES PAYABLE:

On March 25, 2021, Crown Point Energía obtained approval from Argentina's National Security Commission to launch offerings for notes payable for up to $75 million (or its equivalent in other currencies) effective until March 18, 2026.

On March 31, 2021, Crown Point Energía issued $3.38 million principal amount of Series I notes payable (“Series I Notes”) and $2.07 million (ARS 190 million) principal amount of Series II notes payable (“Series II Notes”) for aggregate gross proceeds of $5.44 million. Series I Notes were guaranteed, denominated in USD integrated in ARS at the initial exchange rate and repayable in ARS at the applicable exchange rate. Series II Notes were guaranteed, denominated in ARS and repayable in ARS. The Company incurred $139,849 of transaction costs directly attributed to the issuance of the notes payable which were net against the debt amount and are amortized to finance expense over the three-year term.

The Series I Notes and Series II Notes were repayable in eight equal installments commencing on July 1, 2022 until the maturity date of March 31, 2024 and bear interest at 8% per annum and BADLAR Privados plus 6.75% per annum, respectively, payable quarterly.

On July 1, 2022, the Company made the first quarterly installment payments in respect of the Series I Notes and Series II Notes in the amount of ARS 52,308,725 ($422,321) and ARS 23,750,000 ($189,651), respectively.

On August 8, 2022, Crown Point Energía issued $14.7 million principal amount of Series III secured fixed-rate notes payable ("Series III Notes"), of which $10.2 million principal amount of Series III Notes were issued for cash consideration payable in ARS, $3.1 million principal amount of Series III Notes were issued in exchange for the surrender and cancellation of $3.38 million principal amount of Series I Notes at an exchange ratio of $93.77 principal amount of Series III Notes for every $100 principal amount of Series I Notes, and $1.3 million principal amount of Series III Notes were issued in exchange for the surrender and cancellation of ARS 190,000,000 ($1.4 million) principal amount of Series II Notes at an exchange ratio of $90.31 principal amount of Series III Notes for every $100 principal amount of Series II Notes.

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 are repayable in seven equal quarterly installments, starting on February 10, 2024 and ending on August 10, 2025. Series III Notes accrue interest at a fixed rate of 4% per annum, payable every three months in arrears from the issue date.

Following the closing of the Series III Notes, the Company repurchased the remaining $50,000 principal amount outstanding of Series I Notes. All Series I Notes and Series II Notes were cancelled.

On July 20, 2023, Crown Point Energía issued a total of $7.48 million principal amount of Series IV unsecured fixed-rate notes (Series IV Notes”) for $7.48 million of cash consideration and on December 6, 2023, Crown Point Energía issued an additional $6 million principal amount of Series IV Notes for cash consideration of $6.74 million.

The Series IV Notes are denominated in USD and repayable in ARS in four quarterly equal installments, starting on October 20, 2024 and ending on July 20, 2025. The Series IV Notes accrue interest at a fixed rate of 5% per annum, payable every three months in arrears from the issue date.

The $0.74 million premium of issue price over the principal amount of the December 6, 2023 issuance has been recognized as a premium liability and is amortized to finance income over the term of related Series IV Notes using the effective interest method.

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

Balance, December 31, 2021	$	5,379,245
Repayment of Series I and Series II Notes		(657,820)
Issue of Series III Notes for cash consideration		10,240,930
Transaction costs		(224,070)
Cost of exchange of Series I and Series II Notes		250,409
Amortization of transaction costs (Note 23)		136,346
Interest accrued (Note 23)		867,785
Interest paid		(1,030,132)
Effect of change in exchange rates		(420,311)
Balance, December 31, 2022		14,542,382
Issue of Series IV Notes for cash consideration		13,476,000
Cash premium on issue of Series IV Notes		738,000
Amortization of premium (Note 23)		(50,017)
Transaction costs		(208,807)
Amortization of transaction costs (Note 23)		127,248
Interest accrued (Note 23)		813,267
Interest paid		(680,353)
Balance, December 31, 2023	$	28,757,720

The carrying amount of notes payable is reported as follows:

		2023		2022
Total notes payable	$	28,757,720	$	14,542,382
Current portion of notes payable		(12,298,533)		(7,233)
Long-term portion of notes payable	$	16,459,187	$	14,535,149

Restricted cash

As at December 31, 2023, $123,653 (ARS 99.6 million) (December 31, 2022 – $252,200 (ARS 44.7 million)) was reported as restricted cash. The restricted cash is assigned as collateral for the for the Series III 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.

13. TRADE AND OTHER PAYABLES

		2023		2022
Trade payables	$	3,366,945	$	3,323,826
Accruals		1,913,955		1,888,261
Contingent consideration liability (Note 14)		–		219,888
Other payables		487,205		675,632
Current trade and other payables		5,768,105		6,107,607
Accruals		291,715		135,313
Contingent consideration liability (Note 14)		1,188,830		412,180
Non-current trade and other payables		1,480,545		547,493
Total trade and other payables	$	7,248,650	$	6,655,100

14. CONTINGENT CONSIDERATION (LIABILITY) RECEIVABLE:

A reconciliation of the contingent consideration (liability) receivable is as follows:

	Liability (a)	Receivable (b)	Net
Balance, December 31, 2021	$ (81,259)	$ 53,034	$ (28,225)
Acquisition of working interest (Note 5)	(1,549,353)	–	(1,549,353)
Fair value adjustment	998,544	90,436	1,088,980
Cash settlement (collection)	–	(57,448)	(57,448)
Balance, December 31, 2022	(632,068)	86,022	(546,046)
Fair value adjustment	(776,650)	87,520	(689,130)
Cash settlement (collection)	219,888	(86,022)	133,866
Balance, December 31, 2023	$ (1,188,830)	$ 87,520	$ (1,101,310)

The carrying amount of contingent consideration (liability) receivable is reported as follows:

	2023	2022
Contingent consideration liability	$ (1,188,830)	$ (632,068)
Current portion	–	219,888
Long-term portion	$ (1,188,830)	$ (412,180)
Contingent consideration receivable	$ 87,520	$ 86,022
Current portion	–	(86,022)
Long-term portion	$ 87,520	$ –

(a) Contingent consideration liability

Pursuant to the 2018 acquisition 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 the Company in respect of 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 the Company in respect of St. Patrick´s participating interest do not exceed the base net revenue threshold for that quarter, then no royalty payment will be payable.

The forecast net revenues based on the externally prepared December 31, 2023 reserve reports exceed the base net revenue for future quarters (2022 – reserve reports did not exceed the base net revenue for future quarters). As a result, the estimated fair value of the contingent consideration liability at December 31, 2023 is $134,100 (2022 – $nil). This contingent consideration liability is included in the non-current portion of trade and other payables (Note 13).

As at December 31, 2023, the Company estimated the contingent consideration liability related to actual results for 2023 to be $nil (2022 actual results – $219,888), resulting in a fair value adjustment of $nil (2022 – $138,629).

Acquisition of working interest

On July 1, 2022, the Company recognized a liability of $1,549,353 representing the estimated fair value of the contingent consideration liability associated with the acquisition of the 50% working interest in the PPCO Concession (Note 5). The fair value of the contingent consideration liability as at July 1, 2022 was estimated base on $3.6 million of undiscounted cash flows over 21 years at a discount rate of 15.4%.

As at December 31, 2023, the Company re-measured the fair value of the contingent consideration liability at 1,054,730 (2022 – $412,180) resulting in a fair value adjustment of $642,550 (2022 – $1,137,173). This contingent consideration liability is included in the non-current portion of trade and other payables (Note 13).

(b) Contingent consideration receivable

As part of the consideration for the disposition of a participating interest in the TDF Concessions to the Company's UTE partners 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 and that are payable by the Company pursuant to the acquisition of St. Patrick (described above).

The forecast net revenues based on the externally prepared December 31, 2023 reserve reports exceed the base net revenue for future quarters (2022 - forecast net revenues based on the externally prepared reserve reports did not exceed base net revenue for future quarters). As a result, the estimated fair value of the contingent consideration receivable at December 31, 2023 is $87,520 (2022 – $nil).

As at December 31, 2023, the Company estimated the contingent consideration receivable related to actual results for 2023 to be $nil (2022 actual results – $86,022), resulting in a fair value adjustment of $nil (2022 – $90,436). The contingent consideration receivable is included in other non-current assets.

15. 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 December 31, 2023 the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately $17.1 million (2022 – $17.9 million). These costs are expected to be incurred over the next 1 to 22 years. The decommissioning obligations have been estimated using USD inputs, using existing technology at current USD prices and discounted using discount rates that reflect current market assessments of the time value of money and the risks specific to each liability. Risk-free interest rates of 4.19% to 4.32% (2022 – 3.57% to 3.76%) and an inflation rate of 2.7% (2022 – 2.9%) was used to calculate the fair value of the decommissioning provision.

A reconciliation of the decommissioning provision is provided below:

	2023	2022
Balance, beginning of year	$ 11,313,332	$ 11,952,279
Acquisition of working interest (Note 5)	–	89,021
Revision for exploration and evaluation assets (Note 9)	(22,725)	(10,461)
Revision for development and production assets (Note 10)	(1,299,515)	(795,367)
Expenditures	–	(130,218)
Gain on settlement	–	(24,348)
Accretion (Note 23)	431,126	232,426
Balance, end of year	10,422,218	11,313,332
Current portion of decommissioning provision	(360,546)	(365,418)
Non-current portion of decommissioning provision	$ 10,061,672	$ 10,947,914

In 2022, the $89,021 acquisition date fair value of the decommissioning obligation was determined using a credit-adjusted discount rate in accordance with IFRS 3 Business Combinations and was subsequently re-measured at $1,219,886 using a risk-free rate in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The gain on settlement in 2022 represents the difference between the decommissioning provision and the actual expenditures made to settle the obligation. The gain on settlement has been net against the loss on decommissioning provision (Note 8) resulting in the recognition of a net $54,228 loss on decommissioning provision recognized in the 2022 consolidated statement of loss and comprehensive loss.

16. 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.

	2023	2022
Balance, beginning of year	$ 1,455,890	$ 319,913
Additions (Note 10)	–	1,397,670
Revisions (Note 10)	(93,330)	(119,563)
Interest (Note 23)	89,506	19,581
Payments	(570,962)	(66,997)
Effect of change in exchange rates	(15,936)	(94,714)
Balance, end of year	865,168	1,455,890
Current portion of lease liability	(487,044)	(483,527)
Non-current portion of lease liability	$ 378,124	$ 972,363

Total expected payments under lease agreements for office and equipment are $44,424 per month ($533,088 per year) until December 31, 2026.

17. SHARE CAPITAL:

(a) Authorized

Unlimited number of common shares without par value

Unlimited number of Class “A” preferred shares at CAD 1 each par value, none of which have been issued

(b) Issued and outstanding common shares

	Number of common shares		Amount
Balance, December 31, 2023, 2022 and 2021	72,903,038	$	56,456,328

18. SHARE-BASED PAYMENTS:

The Company’s stock option plan provides for the granting of options to directors, officers, employees and consultants. Under the terms of the option plan, options issued will not exceed 10% of the issued and outstanding shares from time to time. The option price under each option is not less than the market price on the grant date. One third of options granted vest immediately and the remainder generally vest in equal tranches on the first and second year anniversaries of the date of grant. The expiry date for each option is set by the Board of Directors at the time of issue and cannot be more than five years after the grant date.

As at December 31, 2023, 2022 and 2021, the Company had 4,350,000 stock options outstanding.

Information about stock options outstanding as at December 31, 2023 is as follows:

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	0.3	2,175,000
May 31, 2026	2,175,000	0.20	2.4	2,175,000
	4,350,000	$ 0.48	1.3	4,350,000

During 2023, the Company recognized $16,148 (2022 – $74,733) of share-based payment expense. As at December 31, 2023, the balance of unvested share-based payments was $nil.

19. PER SHARE AMOUNTS:

		2023		2022
Net loss	$	(8,127,632)	$	(5,906,799)
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	$	(0.11)	$	(0.08)

All stock options were excluded from the diluted per share amounts as their effect is anti-dilutive in loss periods.

20. OIL AND NATURAL GAS SALES:

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

		2023		2022
Oil	$	20,677,089	$	27,308,225
Natural gas		5,854,084		5,584,172
Natural gas liquids		235,055		148,223
	$	26,766,228	$	33,040,620

All of the Company’s production is produced in Argentina. The Company sells its production pursuant to fixed and variable price contracts with varying length terms up to 1 year. Under the contracts, the Company is required to deliver a fixed or variable volume of light oil, natural gas or natural gas liquids to the contract counterparty. The transaction price is based on the commodity price, adjusted for quality, location or other factors. Pricing for contracts varies depending on the commodity.

- The transaction price for oil is determined for each shipment from the storage point at TDF to mainland Argentina or abroad and for each transaction from the storage point at the Mendoza Concessions to the delivery point in Tupungato, Mendoza. For oil transported by tanker, delivery charges are free on board; for oil transported bytruck, delivery charges are paid by the Company.
- Natural gas is sold to the Argentine industrial and residential markets. 100% of the Company’s natural gas revenue earned in 2023 and 2022 was from sales to the industrial market. The transaction price for natural gas sales to the industrial

market are negotiated between the TDF UTE (of which the Company is a member) and the customer. The transaction price for natural gas sales to theresidential market is set by the Argentine government.

Of the Company's revenue from oil sales earned in 2023, 36% was for export sales to three purchasers and 64% was for domestic sales to two purchasers (2022 – 51% was for export sales to four purchasers; 49% was for domestic sales to six purchasers) and $1,394,639 was in accounts receivable at December 31, 2023 (2022 – $2,378,567).

All of the Company's revenue from natural gas sales earned in 2023 was for domestic sales, of which 75% was to two major purchasers (2022 – domestic sales of which 58% was to three major purchasers), of which $290,808 was in accounts receivable at December 31, 2023 (2022 – $615,979).

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

	2023	2022
Export	$ 7,419,979	$ 13,837,688
Domestic	19,346,249	19,202,932
	$ 26,766,228	$ 33,040,620

21. IMPAIRMENT (REVERSAL) LOSS OF PROPERTY AND EQUIPMENT:

Year ended December 31, 2023

TDF CGU

As at December 31, 2023, the Company identified indicators of impairment reversal in relation to its TDF CGU as at December 31, 2023, such as an extension of timing of cash flows and optimization of operating costs, and performed an impairment reversal test. Management used fair value less cost of disposal to determine the recoverable amount of the CGU, which is based on the discounted after-tax cash flows of reserves. The recoverable amount of the TDF CGU is based on 14.3% discounted after-tax cash flows expected to be derived from the TDF CGU's petroleum and natural gas proved and probable reserves from the externally prepared December 31, 2023 reserve report considering a 10-year license extension to the primary term, expiring August 2026.

As at December 31, 2023, the estimated recoverable amount of the TDF CGU was determined to be higher than the carrying amount. As a result of the impairment reversal test performed, the Company recognized $3.05 million impairment reversal related to the TDF CGU.

A 1% increase in the discount rate would result in a $0.03 million decrease in impairment reversal. $1 per barrel of oil ("BOE") decrease in commodity prices would result in a $0.57 million decrease in impairment reversal.

Mendoza CGU

The Company did not identify any indicators of impairment in relation to its Mendoza CGU as at December 31, 2023 and therefore no impairment test was performed.

Year ended December 31, 2022

TDF CGU

As at December 31, 2022, the Company identified indicators of impairment in relation to its TDF CGU as at December 31, 2022, such as a decrease in petroleum and natural gas proved and probable reserves due to technical revisions and higher operating cost estimates, and performed an impairment test. Management used fair value less cost of disposal to determine the recoverable amount of the TDF CGU based on 15.7% discounted after-tax cash flows expected to be derived from the TDF CGU's petroleum and natural gas proved and probable reserves from the externally prepared December 31, 2022 reserve report considering a 10-year license extension to the primary term, expiring August 2026.

As at December 31, 2022, the estimated recoverable amount of the TDF CGU was determined to be lower than the carrying amount. As a result of the impairment test performed, the Company recognized $2.05 million impairment charge to the TDF CGU. Impairment of property and equipment may be reversed in future periods if there are indicators of reversal, such as an improvement in commodity price forecasts.

A 1% increase in the discount rate would result in a $0.03 million decrease in impairment. $1 per barrel of oil ("BOE") decrease in commodity prices would result in $0.7 million of additional impairment.

Mendoza CGU

The Company identified indicators of impairment in relation to its Mendoza CGU as at December 31, 2022, such as an increase in operating cost estimates, and performed an impairment test. Management used fair value less cost of disposal to determine the recoverable amount of the Mendoza CGU based on 15.7% discounted after-tax cash flows expected to be derived from the

Mendoza CGU's petroleum and natural gas proved and probable reserves from the externally prepared December 31, 2022 reserve report. As at December 31, 2022, the estimated recoverable amount of the Mendoza CGU was determined to be higher than the carrying amount resulting in no impairment recognized in 2022.

A 1% increase in the discount rate would result in $1.5 million of impairment. A $1 per BOE decrease in commodity prices would result in $1.3 million of impairment.

The following prices were used for the estimate of the December 31, 2023 and 2022 recoverable amount of the Company's CGUs:

	2023			2022		
	TDF CGU		Mendoza CGU	TDF CGU		Mendoza CGU
Year	Average USD price per BOE	Average USD price per mcf of natural gas	Average USD price per BOE	Average USD price per BOE	Average USD price per mcf of natural gas	Average USD price per BOE
2023	Not applicable	Not applicable	Not applicable	$ 70.00	$ 4.96	$ 64.00
2024	$ 65.00	$ 5.05	$ 65.35	66.58	5.06	65.28
2025	65.00	5.40	70.84	65.59	5.16	66.59
2026	65.00	5.41	70.84	64.53	5.26	67.92
2027	66.60	5.35	72.31	66.10	5.36	69.28
2028	68.23	5.45	73.81	67.70	5.47	70.66
2029	69.90	5.55	75.35	69.34	5.58	72.07
2030	71.59	5.67	76.90	–	–	73.52
2031	73.33	5.78	75.50	–	–	74.99
2032	75.09	5.89	80.13	–	–	76.49
2033	76.89	6.01	81.78	–	–	78.02
Thereafter	2%	2%	2%	Not applicable	Not applicable	2%

These future prices were based on forecasted commodity prices adjusted for commodity price differentials and transportation specific to the Company's production. Management's estimates also include financial assumptions regarding royalty rates, operating costs, and future development capital that can significantly impact the recoverable amount which are assigned based on historic rates and future anticipated activities of the Company.

22. GENERAL AND ADMINISTRATIVE:

	2023	2022
Salaries and benefits	$ 1,526,899	$ 1,852,981
Professional fees	767,764	1,124,690
Office and general	426,658	445,779
Travel and promotion	76,039	150,364
	$ 2,797,360	$ 3,573,814

23. NET FINANCE EXPENSE:

	2023	2022
Interest income	$ 898,393	$ 324,485
Gain on fair value of financial instruments	472,143	–
Gain on revision of lease liabilities	20,222	8,357
Amortization of notes payable premium (Note 12)	50,017	–
Finance income	1,440,775	332,842
Financing fees and bank charges	(665,070)	(892,263)
Interest on bank debt (Note 11)	(2,367,463)	(1,849,651)
Interest on notes payable (Note 12)	(813,267)	(867,785)
Amortization of notes payable transaction costs (Note 12)	(127,248)	(136,346)
Cost of exchange of Series I and Series II Notes (Note 12)	–	(250,409)
Accretion of decommissioning provision	(431,126)	(232,426)
Loss on fair value of investments	(132,427)	–
Loss on foreign exchange rate contract (Note 28(d))	(276,007)	–
Interest on lease liabilities (Note 16)	(89,506)	(19,581)
Accretion of other liabilities	(4,887)	–
Finance expense	(4,907,001)	(4,248,461)
Net finance expense	$ (3,466,226)	$ (3,915,619)

24. TAXES:

The reconciliation of the Company's tax provision computed at statutory rates to the reported tax provision (reduction) is as follows:

		2023		2022
Canadian statutory tax rate		23%		23%
Current tax recovery at statutory tax rate	$	(2,330,128)	$	(1,498,171)
Non-deductible items and other		7,075,318		1,836,767
Effect of tax rate differences		(686,866)		(208,111)
Effect of tax return filings		4,654		(4,225)
Foreign exchange		(6,138,323)		(410,823)
Change in unrecognized deferred tax assets		71,986		(322,427)
Tax recovery	$	(2,003,359)	$	(606,990)

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

		2023		2022
Current tax recovery	$	–	$	–
Deferred tax recovery		(2,003,359)		(606,990)
Tax recovery	$	(2,003,359)	$	(606,990)

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 2023 and 2022 is related to changes in the Company's ARS denominated tax pools combined with the effect of an increase in the Argentine corporate income tax rate applied to certain temporary tax differences and the devaluation of the ARS during the period on the translation of ARS denominated tax pools to USD.

Recognized deferred tax assets (liabilities) are attributable to the following:

		2023		2022
Property and equipment and E&E assets	$	(12,601,539)	$	(10,013,224)
Decommissioning obligation		3,647,776		3,959,666
Foreign exchange and other		543,377		476,875
Non-capital tax loss carryforwards		6,258,678		1,421,616
Deferred tax liability	$	(2,151,708)	$	(4,155,067)

A continuity of the Company's deferred tax liability is as follows:

		2023		2022
Balance, beginning of year	$	(4,155,067)	$	(4,038,821)
Acquisition of working interest (Note 5)		–		(723,236)
Deferred tax recovery		2,003,359		606,990
Balance, end of year	$	(2,151,708)	$	(4,155,067)

Deferred tax assets have not been recognized for the following deductible temporary differences as it is not probable that future taxable profit will be available against which the Company can utilize the benefits:

		2023		2022
Property and equipment and E&E assets	$	4,459,970	$	4,352,730
Foreign exchange and other		1,623,983		1,585,752
Non-capital tax loss carryforwards		18,287,448		18,119,930
Deferred tax liability	$	24,371,401	$	24,058,412

As at December 31, 2023, the Company has approximately $18.3 million (2022 – $18.1 million) of non-capital losses in Canada and $6.3 million (2022 – $4.1 million) of non-capital tax losses in Argentina available to reduce taxable income. Canadian non-capital losses expire at various times between 2028 and 2041; Argentine tax losses expire at various times between 2024 and 2027.

The Company has temporary differences associated with its investments in its foreign subsidiary. At December 31, 2022 and 2021, the Company has no deferred tax liabilities in respect of these temporary differences.

25. SUPPLEMENTAL CASH FLOW INFORMATION:

(a) Change in non-cash working capital items

		2023		2022
Trade and other receivables	$	1,753,081	$	(190,769)
Inventory		126,520		(1,060,243)
Prepaid expenses and other current assets		2,861,805		1,704
Trade and other payables		(187,987)		1,366,700
Taxes payable		(37,707)		(98,288)
Effect of change in exchange rates		(2,843,926)		(285)
	$	1,671,786	$	18,819
Attributable to:				
Operating activities		2,185,228		(1,687,567)
Investing activities		(513,442)		1,706,386
	$	1,671,786	$	18,819

(b) As at December 31, 2023, the Company held $191,509 (2022 – $536,752) of cash in Canadian, United States and Argentine banks.

(c) During 2023, the Company paid $2,399,339 (2022 – $1,598,687) of interest expense on bank debt (Note 11) and $680,353 (2022 – $1,030,132) on notes payable (Note 12).

(d) During 2023, the Company paid $26,204 (ARS 6,681,039) to Argentine tax authorities related to corporate income tax (2022 – $56,281 (ARS 7,288,555)).

26. PERSONNEL EXPENSES:

(a) Salaries and benefits

The Company's consolidated statement of loss and comprehensive loss is prepared primarily by nature of expense, with the exception of $1,435,371 of salaries and benefits for employees and executive management which are included in general and administrative expenses for the year ended December 31, 2023 (2022 – $1,745,116).

(b) Key management compensation

The Company considers its key management personnel to consist of its officers and directors. The Company's directors and officers participate in the Company's stock option plan. As at December 31, 2023, key management personnel included 6 individuals (2022 – 7 individuals) and the related compensation recognized in the consolidated statement of loss and comprehensive loss comprised the following:

		2023		2022
Salaries and benefits	$	458,442	$	740,977
Director fees		91,528		107,865
Share-based payments		16,148		74,733
	$	566,118	$	923,575

27. RELATED PARTY TRANSACTIONS:

(a) Liminar Energía S.A. ("Liminar")

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 63.9% of the Company's outstanding common shares.

(b) Mr. Pablo Peralta

During 2023, the Company paid $5,000 of loan interest to Mr. Pablo Peralta (Note 11(i)).

(c) 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 certain Banco Hipotecario S.A. and Banco Macro S.A. loans (Note 11(b) and (f), respectively) for which the Company is charged a loan guarantee fee of 1% of the loan balance per annum and 1% of the loan, respectively. During 2023, Grupo ST S.A. charged the Company $48,060 (2022 – $nil) of loan guarantee fees. Included in trade and other payables as at December 31, 2023 is $141 (December 31, 2022 – $nil) payable to Grupo ST S.A.

(d) ST Inversiones S.A.

Mr. Pablo Peralta is also a director of ST Inversiones S.A. and controls 50% the voting shares of ST Inversiones S.A.

ST Inversiones S.A. has provided a guarantee of certain Banco Hipotecario S.A. and Banco Macro S.A. loans (Note 11(b) and (f), respectively) for which the Company is charged a loan guarantee fee of 1% of the loan balance per annum and 1% of the loan, respectively. During 2023, the Company was charged $5,245 (2022 – $57,698) in loan guarantee fees. Included in trade and other payables as at December 31, 2023 is $nil (December 31, 2022 – $nil) payable to ST Inversiones S.A.

(e) Energía y Soluciones S.A.

Gabriel Obrador is the President, Chief Executive Officer and a director of the Company and also controls Energíay Soluciones S.A. During 2023, the Company sold a portion of natural gas production from the TDF Concessions to Energía y Soluciones S.A. for which the Company recognized $3,611,611 (ARS 234.2 million) (2022 – $932,996 (ARS 131.1 million)) of oil and gas revenue. Included in trade and other receivables as at December 31, 2023 is $290,769 (ARS 777 million) (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 December 31, 2023, no revenue has been earned from the CLL Permit.

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

28. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT:

The Company is exposed to various risks that arise from its business environment and the financial instruments it holds. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, policies and procedures. The following outlines the Company's risk exposures and explains how these risks and its capital structure are managed.

(a) Capital management

The Company's objective is to maintain a strong capital position in order to execute on its exploration and development plans and maximize shareholder value. The Company currently defines its capital as working capital surplus (deficit), bank debt, notes payable and shareholders' equity.

		2023		2022
Working capital deficit	$	(11,785,934)	$	(1,273,047)
Bank debt	$	508,114	$	4,123,737
Shareholders' equity	$	17,832,087	$	25,900,332

Changes to the relative weighting of the capital structure are driven by our business plans, changes in economic conditions and risks inherent in the oil and gas industry. To maintain or adjust the capital structure, the Company may consider any or all of the following activities, depending on existing economic conditions and access to external capital sources:

- Issue new shares through a public offering or private placement;
- Utilize its working capital;
- Farm-out of existing exploration opportunities; or
- Access other forms of debt.

The Company periodically reviews its capital structure in relation to its exploration and development budgets. The Company's capital management is currently focused on completion of existing exploration commitments and providing for the Company's share of any development programs.

(b) Credit risk

The Company is exposed to credit risk in relation to its cash and cash equivalents, trade and other receivables and contingent consideration receivable. Cash and cash equivalents are held with highly rated Canadian, United States and Argentine banks. Therefore, the Company does not believe these financial instruments are subject to material credit risk. The

Company's trade and other receivables include amounts due from the sale of crude oil and natural gas. See Note 7.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as reasonable, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses.

As at December 31, 2023, the Company has a working capital deficit of $11,785,934 (2022 – $1,273,047) which includes $4,776,739 (2022 – $4,073,407) of financial assets comprised of cash and cash equivalents, investments and trade and other receivables and $19,061,796 (2022 – 10,759,811) 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 year ended December 31, 2023, the Company reported net cash provided by operating activities in the amount of $3,793,538 (2022 – $1,334,815).

The Company prepares operating and capital expenditure budgets which are regularly monitored and updated as considered necessary. In addition, the Company utilizes authorizations for expenditures to manage capital expenditures. See Note 1

The following table summarizes the maturities of the Company's financial liabilities based on contractual cash flows:

			Due on or before December 31			
	Carrying amount $	Contractual amount $	2024 $	2025 $	2026 $	2027 -2029 $
Trade and other payables	7,248,650	7,248,650	5,768,105	8,569	296,131	1,175,845
Bank debt	508,114	508,114	508,114	–	–	–
Notes payable	28,757,720	28,129,370	11,744,866	16,384,504	–	–
Lease liabilities	865,168	941,293	533,794	204,599	202,900	–
	37,379,652	36,827,427	18,554,879	16,597,671	499,031	1,175,845

(d) Market risk

Changes in commodity prices, interest rates and foreign currency exchange rates can expose the Company to fluctuations in profit or loss and in the fair value of its financial assets and liabilities.

(i) Commodity price risk

For the year ended December 31, 2023, a 5% change in the average commodity prices earned by the Company would change oil and natural gas sales revenue by approximately $1.3 million and net loss by approximately $1.1 million.

(ii) Interest rate risk

The Company is exposed to interest rate fluctuations at December 31, 2023 on certain bank debt (Note 11) which bear interest at BADLAR Privados plus 10% per annum. Other bank debt and notes payable bear interest at fixed rates. For the year ended December 31, 2023, a 10% change in the BADLAR Privados rates would change interest expense by approximately $17,700 and net loss by approximately $10,860.

As at December 31, 2023, investments in the form of mutual funds', notes receivable and bonds are held with Argentine private investment funds, private companies and, the Argentine government, respectively.

(iii) 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 is denominated in CAD and ARS.

During 2023, the Company entered into a foreign exchange rate contract to mitigate the devaluation of USD/ARS exchange rate. The contract matured on December 29, 2023 at which time the Company recognized a $276,007 loss on the contract. The Company had no foreign exchange rate contracts in place at December 31, 2023.

Foreign currency denominated financial instruments held by the Company:

	Balance denominated in		Total USD
	CAD	ARS	equivalents
As at December 31, 2023	$	$	$
Cash and cash equivalents	10,051	137,736,260	178,607
Investments	–	1,448,772,721	1,798,712
Restricted cash	–	99,596,309	123,653
Trade and other receivables	4,667	84,800,904	108,812
Trade and other payables	(813,571)	(1,756,818,086)	(2,788,212)
Bank debt	–	(410,784,730)	(508,114)
Lease liabilities	–	(3,145,725)	(3,981)

	Balance denominated in		Total USD
	CAD	ARS	equivalents
As at December 31, 2022	$	$	$
Cash and cash equivalents	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)
Taxes payable	–	(730,561,249)	(4,123,737)
Lease liabilities	–	(4,136,615)	(23,350)

(iv) Currency devaluation:

Exchange rates as at	2023	2022
CAD to USD [1]	0.7561	0.7383
ARS to USD [1]	0.0012	0.0056
USD to ARS [2]	806.95	177.06

[1] Source OFX [2] Source BNA (National Bank of Argentina)

Currency devaluation in Argentina partially impacts the cost of ARS denominated items which are translatedto the USD functional currency of the Argentine subsidiaries. A portion of the TDF, CH and PPCO concessions operating costs and general and administrative expenses incurred in Argentina are denominated in ARS and are also subject to inflation adjustments. During 2023, the devaluation of ARS resulted in lower TDF, CH and PPCO operating costs and general and administrative expenses incurred inArgentina by approximately 26% (2022 – devaluation of ARS; lower by approximately 25%), without considering cost increases related to inflation.

During 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 $1.2 million (2022 – devaluation of ARS; reduction by approximately $1.1 million).

The effect of currency devaluation on ARS denominated bank debt and notes payable during 2023 was a $3,082,857 reduction (2022 – $2,345,760) in the USD equivalent amount (Notes 11 and 12).

(v) 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 December 31, 2023 and 2022:

	Change in exchange rates	2023	2022
Foreign exchange – effect of strengthening USD			
CAD denominated financial assets and liabilities	5%	$ 30,200	$ 16,260
ARS denominated financial assets and liabilities	50%	$ 247,750	$ 3,617,950

29. COMMITMENTS:

(a) TDF Concessions

As at December 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. The UTE RCLV expects to offset the outstanding commitment in the Rio Cullen exploitation concession with infrastructure investments made in other parts of the TDF Concessions.

(b) Mendoza Concessions

As at December 31, 2023, the Company's share of expenditure commitments with respect to the CH Concession is $30.7 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 December 31, 2023, the Company's share of expenditure commitments with respect to the PPCO Concession is $11.9 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 December 31, 2023, the Company is in conversations with the Province of Mendoza for the extension of the CLL Permit or other alternatives for the CLL Permit, including the potential compensation of the Company's only outstanding commitment estimated at $0.5 million, consisting of a well repair, with working units performed by the Company in excess of what was otherwise required during the exploration period of the CLL Permit.

30. SUBSEQUENT EVENTS:

(a) Bank debt

On January 2, 2024, the Company repaid the first installment of ARS 21.8 million ($0.03 million) BNA working capital loan VI (Note 11(h)).

On January 23, 2024, the Company repaid the ARS 187.5 million ($0.23 million) BNA export financing loan (Note 10 (h)).

On February 6, 2024, the overdraft loan agreement limit with Banco Hipotecario S.A., available until April 30, 2024, was increased to ARS 1,600 million ($2 million) (Note 11 (b)).

On February 14, 2024, the Company obtained two export financing loans with BNA for ARS 127.2 million ($0.16 million) and ARS 137.9 million ($0.17 million) at an annual interest rate of BADLAR less 1%, repayable on May 14, 2024 and June 14, 2024, respectively.

On February 23, 2024, the Company obtained a third export financing loan with BNA for ARS 288 million ($0.3 million) at an annual interest rate of BADLAR less 5%, repayable on May 6, 2024.

(b) Notes payable

On February 14, 2024, the Company repaid the first $2.1 million installment of principal on the Series III Notes.

(c) Acquisition agreement

On February 1, 2024, Crown Point Energía entered into Acquisition Agreement for the Seller's 100% working interest in the Santa Cruz Concessions. The purchase price is comprised of $12 million cash, subject to closing adjustments, plus contingent in-kind consideration payable over a 15-year period from the closing date whereby the Company will deliver to the Seller a monthly quantity of oil produced from the Santa Cruz Concessions ranging from 0 to 600 barrels of oil per day, subject to the market price of oil determined for each month.

On February 7, 2024, the Company made a $2.4 million advance payment to the Seller.

Completion of the acquisition is subject to the receipt of all necessary regulatory and Provincial approvals, including the approval of the TSX Venture Exchange and other customary closing conditions. Completion of the acquisition is not subject to approval by the Company's shareholders. The effective date of the acquisition will be January 1, 2024.