CROWN POINT ENERGY INC.
Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2014
(Unaudited)

CROWN POINT ENERGY INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(United States dollars)

	September 30 2014	December 31 2013
Current assets:		
Cash and cash equivalents	$ 3,138,804	$ 13,375,605
Trade and other receivables (Note 5)	3,406,534	3,766,331
Inventory	129,594	231,833
Prepaid expenses	1,053,708	1,628,266
	7,728,640	19,002,035
Exploration and evaluation assets (Note 6)	15,102,925	10,350,417
Property and equipment (Note 7)	26,092,980	32,029,851
Other non-current assets (Note 8)	1,209,432	1,176,161
Deposit (Note 8)	2,310,000	2,310,000
	$ 52,443,977	$ 64,868,464
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 4,251,148	$ 3,781,401
Current portion of bank debt (Note 9)	1,317,104	171,408
	5,568,252	3,952,809
Bank debt (Note 9)	1,843,946	3,942,392
Decommissioning provision (Note 10)	2,203,775	2,274,925
	9,615,973	10,170,126
Shareholders’ equity:		
Share capital	101,334,798	101,334,798
Contributed surplus	6,630,297	6,113,152
Accumulated other comprehensive loss	(17,263,754)	(16,992,986)
Deficit	(47,873,337)	(35,756,626)
	42,828,004	54,698,338
	$ 52,443,977	$ 64,868,464

Reporting entity and going concern (Note 1)
Subsequent events (Note 18)
Contingency (Note 19)
Segmented information (Note 20)

See accompanying notes to the condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited)

(United States dollars)

	For the three months ended September 30 2014	2013	For the nine months ended September 30 2014	2013
Revenue				
Oil and gas	$ 3,982,151	$ 3,823,254	$ 10,693,832	$ 11,425,921
Royalties	(655,650)	(683,868)	(1,724,605)	(1,771,258)
	3,326,501	3,139,386	8,969,227	9,654,663
Expenses				
Operating	1,365,489	1,358,906	3,800,542	4,387,587
General and administrative	1,213,072	1,361,868	3,661,227	4,422,327
Depletion and depreciation	1,111,048	1,262,078	3,294,498	3,879,684
Remediation (Note 13)	325,762	-	325,762	-
Impairment (Note 14)	24,000	-	24,000	1,631,777
Share-based payments	124,011	180,245	498,822	877,574
Foreign exchange (gain) loss	(99,175)	(13,039)	768,545	(1,601)
	4,064,207	4,150,058	12,373,396	15,197,348
Results from continuing operating activities	(737,706)	(1,010,672)	(3,404,169)	(5,542,685)
Net finance expense (Note 12)	(209,005)	(144,599)	(629,823)	(402,329)
Other income (Note 15)	-	-	363,539	327,962
Net loss from continuing operations	(946,711)	(1,155,271)	(3,670,453)	(5,617,052)
Net income (loss) from discontinued operations, net of tax (Note 4)	16,649	1,302,249	(8,446,258)	(5,731,259)
Net income (loss) for the period	(930,062)	146,978	(12,116,711)	(11,348,311)
Exchange differences on translation of foreign operations	(240,150)	(2,421,898)	(270,768)	(7,918,260)
Comprehensive loss for the period	$ (1,170,212)	$ (2,274,920)	$ (12,387,479)	$ (19,266,571)
Net loss per share from continuing operations	$ (0.01)	$ (0.01)	$ (0.04)	$ (0.06)
Net income (loss) per share from discontinued operations	$ -	$ 0.01	$ (0.08)	$ (0.05)
Net income (loss) per share	$ (0.01)	$ 0.00	$ (0.12)	$ (0.11)
Weighted average shares outstanding - basic and diluted [1]	104,515,222	104,515,222	104,515,222	104,515,222

[1] Stock options were excluded from diluted per share amounts as their effect is anti-dilutive in loss periods. There were no in-the-money stock options in the income period.

See accompanying notes to the condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

(United States dollars)

	For the nine months ended September 30 2014	2013
Share capital		
Balance, beginning of period	$ 101,334,798	$ 101,536,837
Expiry of share purchase warrants	-	(202,039)
Balance, end of period	101,334,798	101,334,798
Contributed surplus		
Balance, beginning of period	6,113,152	4,833,524
Share-based payments	517,145	943,209
Expiry of share purchase warrants	-	202,039
Balance, end of period	6,630,297	5,978,772
Accumulated other comprehensive income		
Balance, beginning of period	(16,992,986)	(8,800,432)
Exchange differences on translation of foreign operations	(270,768)	(7,918,260)
Balance, end of period	(17,263,754)	(16,718,692)
Deficit		
Balance, beginning of period	(35,756,626)	(20,765,365)
Net loss for the period	(12,116,711)	(11,348,311)
Balance, end of period	(47,873,337)	(32,113,676)
Total shareholders' equity	$ 42,828,004	$ 58,481,202

See accompanying notes to the condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(United States dollars)

	For the nine months ended September 30 2014	2013
Operating:		
Net loss from continuing operations	$ (3,670,453)	$ (5,617,052)
Items not affecting cash:		
Depletion and depreciation	3,294,498	3,879,684
Impairment	24,000	1,631,777
Share-based payments	498,822	877,574
Unrealized foreign exchange loss (gain)	1,298,784	(117,217)
Interest expense	377,763	-
Accretion of decommissioning provision	42,608	207,865
	1,866,022	862,631
Change in non-cash working capital (Note 16)	587,584	(447,809)
Operating cash flows from continuing operations	2,453,606	414,822
Operating cash flows from discontinued operations (Note 4)	312,987	4,364,114
	2,766,593	4,778,936
Financing:		
Interest expense	(377,763)	-
Investing:		
Exploration and evaluation expenditures	(4,663,295)	(2,388,220)
Property and equipment expenditures, net	(6,591,524)	(938,040)
Change in other non-current assets	(305,669)	(686,290)
Change in non-cash working capital (Note 16)	940,467	(897,295)
Investing cash flows (used in) continuing operations	(10,620,021)	(4,909,845)
Investing cash flows from (used in) discontinued operations (Note 4)	245,308	(666,908)
	(10,374,713)	(5,576,753)
Change in cash and cash equivalents	(7,985,883)	(797,817)
Foreign exchange effect on cash held in foreign currencies	(2,250,918)	(449,549)
Cash and cash equivalents, beginning of period	13,375,605	12,912,033
Cash and cash equivalents, end of period	$ 3,138,804	$ 11,664,667

See accompanying notes to the condensed interim consolidated financial statements.

1. REPORTING ENTITY AND GOING CONCERN:

Crown Point Energy Inc. ("Crown Point" or the "Company") was incorporated under the laws of British Columbia and continued under the laws of Alberta on July 27, 2012. Crown Point is based in Calgary, Alberta and is involved in the exploration for, and development and production of petroleum and natural gas in Argentina.

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

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. During the nine months ended September 30, 2014, the Company incurred a net loss of approximately $12.1 million. As at September 30, 2014, the Company has working capital of approximately $2.2 million and significant future capital commitments to develop its properties. The Company is in the process of raising new capital pursuant to a $15 million financing as disclosed in Note 18 (c). The closing of the financing is subject to certain conditions including applicable stock exchange and shareholder approvals. There is no certainty that such approvals will be obtained on a timely basis or at all.

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

2. BASIS OF PRESENTATION:

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standard 34 – Interim Financial Reporting.

The Company has consistently applied the same accounting policies throughout all periods presented except as noted below (Note 3). These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2013.

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

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 1, 2014.

3. CHANGES IN ACCOUNTING POLICIES:

As disclosed in the Company's December 31, 2013 audited consolidated financial statements, on January 1, 2014, the Company adopted amendments to IAS 32 "Financial Instruments: Presentation" and IAS 36 "Impairment of Assets" as well as IFRIC 21 "Levies". The adoption of these amendments and new standard had no measurement or disclosure impact on the Company's unaudited condensed interim consolidated financial statements.

(United States dollars)

4. DISCONTINUED OPERATIONS:

On June 30, 2014, the Company completed the disposition of its 50% interest in the El Valle Exploitation Concession ("El Valle") for consideration of $525,000, plus certain disposition adjustments, to its former joint interest partners in El Valle to be paid in 20 equal monthly installments commencing in August 2014. As the cash flows of El Valle are clearly distinguished, both operationally and for financial reporting purposes, from the rest of the entity, the financial performance of El Valle for both the current and comparative periods have been presented separately as discontinued operations in the consolidated statements of loss and comprehensive loss and statement of cash flows.

The reported net income (loss) from the discontinued operations of El Valle is comprised of the following:

	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	2014	2013
Oil and natural gas revenue	$ –	$ 1,025,214	$ 1,661,944	$ 5,081,982
Royalties	–	(269,050)	(445,085)	(1,369,551)
Operating expenses	–	(510,487)	(671,392)	(2,019,770)
Depletion and depreciation	–	(407,506)	(425,664)	(1,796,014)
Adjustment (loss) on disposition	16,649	–	(8,330,741)	–
Impairment (Note 14)	–	(48,130)	–	(8,269,521)
Foreign exchange loss	–	(14,178)	(232,480)	(64,938)
Accretion of decommissioning provision	–	(9,816)	(2,840)	(29,838)
Petroleo Plus credits (Note 15)	–	1,536,202	–	2,736,391
Net income (loss) from discontinued operations, net of tax	$ 16,649	$ 1,302,249	$ (8,446,258)	$ (5,731,259)

The cash flows from (used in) the discontinued operations of El Valle for the nine months ended September 30, 2014 and 2013 are as follows:

	For the nine months ended September 30	
	2014	2013
Net income (loss) from discontinued operations, net of tax	$ (8,446,258)	$ (5,731,259)
Depletion and depreciation	425,664	1,769,014
Loss on disposition	8,330,741	–
Impairment	–	8,296,521
Accretion of decommissioning provision	2,840	29,838
Operating cash flows from discontinued operations	$ 312,987	$ 4,364,114
Investing cash flows from (used) by discontinued operations	$ 245,308	$ (666,908)

There were no assets or liabilities of the discontinued operations as at September 30, 2014.

The carrying amount of the El Valle Exploitation Concession was $8.8 million, resulting in the recognition of an approximate $8.3 million loss on disposition in the condensed interim consolidated statement of loss and comprehensive loss.

(United States dollars)

5. TRADE AND OTHER RECEIVABLES:

The Company's trade and other receivables consist of:

	September 30 2014	December 31 2013
Due from international oil and gas company	$ 155,452	$ 1,169,172
Due from other Argentine companies	3,276,188	2,952,155
Other receivables	144,894	237,593
Accumulated impairment	(170,000)	(592,589)
Total trade and other receivables	$ 3,406,534	$ 3,766,331

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

	September 30 2014	December 31 2013
Not past due (less than 90 days)	$ 3,190,019	$ 3,275,578
Past due (more than 90 days)	216,515	490,753
Total trade and other receivables	$ 3,406,534	$ 3,766,331

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

During 2013, the Company evaluated the collectability of $1,038,768 USD denominated receivables from two Argentine operators and recognized $592,589 of impairment due to collectability concerns. During 2014, the Company recognized an additional $24,000 of impairment on receivables from one of the Argentine operators. In connection with the June 30, 2014 disposition of the Company's 50% interest in the El Valle Exploitation Concession (Note 4), related accounts receivable from the other Argentine operator, net of $446,589 of impairment, were written off and included in the $8.3 million loss on disposition.

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

Carrying amount, December 31, 2013	$ 10,350,417
Additions	4,663,295
Decommissioning changes	89,213
Carrying amount, September 30, 2014	$ 15,102,925

E&E assets consist of the Company's 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 period. E&E assets are not depreciated or depleted.

The amounts capitalized as Argentina E&E assets at September 30, 2014 include $2.0 million of Value Added Tax (December 31, 2013 – $1.3 million).

(United States dollars)

7. PROPERTY AND EQUIPMENT:

	Argentina		Canada	
	Development and Production Assets	Other Assets	Other Assets	Total
	$	$	$	$
Cost:				
Balance, December 31, 2013	54,661,274	277,276	749,155	55,687,705
Additions (recoveries)				
Continuing operations	6,355,732	245,207	8,908	6,609,847
Discontinued operations (Note 4)	(245,308)	–	–	(245,308)
Disposition (Note 4)	(25,123,520)	–	–	(25,123,520)
Decommissioning changes	161,468	–	–	161,468
Effect of change in exchange rates	–	–	(31,128)	(31,128)
Balance, September 30, 2014	35,809,646	522,483	726,935	37,059,064
Accumulated depletion and depreciation:				
Balance, December 31, 2013	23,179,842	134,261	343,751	23,657,854
Depletion and depreciation				
Continuing operations	3,141,022	73,078	47,181	3,261,281
Discontinued operations (Note 4)	425,664	–	–	425,664
Disposition (Note 4)	(16,363,628)	–	–	(16,363,628)
Effect of change in exchange rates	–	–	(15,087)	(15,087)
Balance, September 30, 2014	10,382,900	207,339	375,845	10,966,084
Net carrying amount:				
December 31, 2013	31,481,432	143,015	405,404	32,029,851
September 30, 2014	25,426,746	315,144	351,090	26,092,980

Capitalized amounts:

The amounts capitalized as D&P assets in Argentina during the nine months ended September 30, 2014 include $102,863 of general and administrative costs and $18,323 of share-based payments (September 30, 2013 – $559,725 of general and administrative costs and $65,635 of share-based payments).

As at September 30, 2014, D&P assets in Argentina include $2.9 million of Value Added Tax ("VAT") (December 31, 2013 – $3.3 million). VAT is payable on goods and services supplied to the Company and is not recoverable from the Government of Argentina, however the Company is allowed to retain VAT on any sales that it collects to the extent of the VAT recorded and paid on previous expenditures.

Future development costs:

The Company increased the September 30, 2014 depletable amount by $16.8 million (December 31, 2013 – $22.5 million) for estimated future development costs associated with proved and probable reserves related to continuing operations in Argentina.

(United States dollars)

8. OTHER NON-CURRENT ASSETS:

		September 30 2014		December 31 2013
Interest-bearing bonds	$	236,413	$	358,955
Long-term receivables		1,036,902		899,815
		1,273,315		1,258,770
Current portion of interest-bearing bonds included in trade and other receivables		(63,883)		(82,609)
Total non-current assets	$	1,209,432	$	1,176,161

9. BANK DEBT:

The Company has a ARS 26,800,000 loan with HSBC Argentina which bears interest at a rate of 15.25% per annum, calculated and paid monthly. The loan principal is repayable in 24 monthly installments commencing December 8, 2014. The Company has provided HSBC Argentina security in the form of a USD denominated guaranteed investment certificate (“GIC”) in the amount of $2,310,000 on deposit with a major Canadian financial institution which was reduced to $1,585,000 in November 2014 (Note 18).

As at September 30, 2014, the balance owing under the debt facility was ARS 26,800,000 ($3,161,050), of which $1,317,104 is classified as a current liability and $1,843,946 is long-term (December 31, 2013 – $4,113,800; $171,408 current and $3,942,392 long-term).

During the three and nine months ended September 30, 2014, the Company recognized $123,541 and $377,763, respectively, of interest expense on bank debt.

10. 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. A reconciliation of the decommissioning provision is provided below:

Balance, December 31, 2013	$	2,274,925
Additions		124,595
Disposition (Note 4)		(367,279)
Change in estimates		126,086
Accretion		
Continuing operations		42,608
Discontinued operations (Note 4)		2,840
Balance, September 30, 2014	$	2,203,775

The Company’s September 30, 2014 decommissioning provision is based on the following assumptions:

Undiscounted inflation-adjusted amount of cash flows	$ 3.0 million
Average risk-free interest rate	2.7%
Inflation rate	1.7%
Weighted average expected timing of cash flows	11.9 years

(United States dollars)

11. SHARE-BASED PAYMENTS:

On May 9, 2014, the Company granted stock options to directors, officers and employees of the Company. The options are exercisable at $0.87 per share and expire May 9, 2019. One third of the options granted vest immediately and the remainder vest in equal tranches on the first and second year anniversaries of the grant date. The grant date fair value of the options was $0.57 per option using the Black-Scholes pricing model.

In May 2014, the Company extended the expiry date of 670,000 options held by the estate of a deceased officer and director of the Company by one year to May 15, 2015. The effect of the modification was estimated at $59,000 using the Black-Scholes pricing model.

Black-Scholes pricing model calculations were based on the following significant weighted average assumptions:

Risk-free interest rate	1.3%
Expected forfeitures	10%
Expected volatility	84%
Expected life	3.6 years
Dividends	nil

Stock option activity is summarized as follows:

	Number of options	Weighted average exercise price (CAD)
Balance, December 31, 2013	7,585,000	$ 0.83
Granted	1,265,000	0.87
Forfeited	(540,000)	(1.02)
Balance, September 30, 2014	8,310,000	$ 0.83
Balance exercisable, September 30, 2014	6,678,336	$ 0.88

Stock options outstanding and exercisable at September 30, 2014 are as follows:

Expiry date	Exercise Price (CAD)	Outstanding	Exercisable
October 7, 2014	$ 0.70	150,000	150,000
February 23, 2015	0.86	25,000	25,000
May 15, 2015	0.97	670,000	670,000
June 9, 2015	1.22	395,000	395,000
June 24, 2015	1.22	50,000	50,000
March 18, 2016	1.96	785,000	785,000
June 9, 2016	1.98	100,000	100,000
October 19, 2016	1.25	150,000	150,000
May 1, 2017	0.78	1,710,000	1,710,000
May 31, 2017	0.78	150,000	150,000
June 15, 2017	0.58	150,000	150,000
August 1, 2017	0.40	285,000	285,000
January 31, 2018	0.37	2,341,667	1,570,003
May 1, 2018	0.26	100,000	66,667
May 9, 2019	0.87	1,248,333	421,666
		8,310,000	6,678,336

(United States dollars)

During the three and nine months ended September 30, 2014 and 2013, the Company recognized the following share-based payments:

	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	2014	2013
Expensed	$ 124,011	$ 180,245	$ 498,822	$ 877,574
Capitalized as D&P assets (Note 6)	5,606	11,064	18,323	65,635
	$ 129,617	$ 191,309	$ 517,145	$ 943,209

As at September 30, 2014, the remaining unvested balance of share-based payments was $299,896.

12. FINANCE INCOME (EXPENSE):

	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	2014	2013
Interest income	$ 53,014	$ 46,047	$ 170,049	$ 151,394
Financing fees and bank charges	(123,401)	(122,312)	(379,501)	(345,858)
Interest expense (Note 9)	(123,541)	–	(377,763)	–
Accretion of decommissioning provision	(15,077)	(68,334)	(42,608)	(207,865)
Net finance expense	$ (209,005)	$ (144,599)	$ (629,823)	$ (402,329)

13. REMEDIATION EXPENSE:

During the three and nine months ended September 30, 2014, the Company accrued $325,762 of remediation expenses for its working interest share of the estimated cost to clean up pre-existing soil contamination identified during a recent environmental assessment performed by the Argentine provincial authorities. The accrual is based on the Company's share of the operator's estimate; however, management anticipates the work to be completed at a lower cost and is evaluating alternatives with the operator.

14. IMPAIRMENT:

(a) Continuing operations

During the three and nine months ended September 30, 2014, the Company recognized $24,000 of impairment on trade and other receivables. During the three and nine months ended September 30, 2013, the Company recognized $nil and $1,631,777, respectively, of impairment on E&E assets.

(b) Discontinued operations

During the three and nine months ended September 30, 2013, the Company recognized $48,130 and $8,296,521, respectively, of impairment related to the discontinued operations of El Valle (Note 4) comprised of $48,130 and $522,603, respectively, of impairment on trade and other receivables and $nil and $7,743,918, respectively, of impairment on development and production assets.

15. OTHER INCOME:

Petroleo Plus Credits

The Government of Argentina implemented the Petroleo Plus Program in 2008 to reward producers who materially increase oil reserves and production through drilling and development by issuing export tax credits

(United States dollars)

("Petroleo Plus Credits") that can be used to offset taxes on oil sold off shore at market price. Petroleo Plus Credits are transferrable and can be sold to other domestic oil exporters.

The Company recognizes revenue from the sale of Petroleo Plus Credits when proceeds are received.

VAT recoveries

In 2009, Antrim Argentina wrote off $1.03 million of VAT credits which were considered uncollectible at the time due to the tax free status of the Province of Tierra del Fuego ("TDF"). However, as a result of the decision of the Federal Government of Argentina in 2012, subsequent to the acquisition of Antrim Argentina, which removed certain favourable tax laws pertaining to the Province of TDF, the Company is able to apply the credits against VAT now charged on TDF sales.

(a) Continuing operations

During the three and nine months ended September 30, 2014, other income was comprised of $nil and $363,539, respectively, of Petroleo Plus Credits (three and nine months ended September 30, 2013 – $nil and $327,962, respectively, of VAT recoveries previously estimated as unrecoverable).

(b) Discontinued operations

During the three and nine months ended September 30, 2013, the Company recognized $1,536,202 and $2,736,391, respectively, of Petroleo Plus Credits related to the discontinued operations of El Valle (Note 4).

16. SUPPLEMENTAL CASH FLOW INFORMATION:

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

	For the nine months ended September 30 2014	2013
Trade and other receivables	$ 397,669	$ 572,380
Inventory	69,022	518,204
Prepaid expenses	574,558	(24,437)
Trade and other payables	469,747	(2,352,325)
Effect of change in exchange rates	17,055	(58,926)
	$ 1,528,051	$ (1,345,104)

	For the nine months ended September 30 2014	2013
Attributable to:		
Operating activities	$ 587,584	$ (447,809)
Investing activities	940,467	(897,295)
	$ 1,528,051	$ (1,345,104)

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

	September 30 2014	December 31 2013
Cash in bank	$ 768,921	$ 8,796,201
Short-term investments	2,369,883	4,579,404
	$ 3,138,804	$ 13,375,605

(b) During the three and nine months ended September 30, 2014, the Company paid $123,541 and $377,763, respectively, (three and nine months ended September 30, 2013 – $nil) of interest.

17. FOREIGN CURRENCY EXCHANGE RATE RISK:

A substantial portion of the Company's exploration and development activities are conducted in foreign jurisdictions and a portion of the Company's cash and cash equivalents are denominated in CAD and ARS. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

The following tables provide information on the foreign currency denominated financial instruments held by the Company:

As at September 30, 2014	Balance denominated in CAD	Balance denominated in ARS	Total USD equivalents
Cash and cash equivalents	$ 2,828,826	$ 4,793,357	$ 3,100,568
Trade and other receivables	$ 16,869	$ 3,884,936	$ 473,345
Interest-bearing bonds	$ –	$ 1,462,742	$ 172,530
Trade and other payables	$ (299,593)	$ (30,027,680)	$ (3,810,247)
Bank debt	$ –	$ (26,800,000)	$ (3,161,050)

The following table presents an estimate of the impact on net loss for the market risk factors discussed above and is calculated based on the noted change in exchange rates applied to balances as at September 30, 2014:

Sensitivity analysis	Change in exchange rates	Nine months ended September 30 2014
Foreign exchange - effect of strengthening USD:		
CAD denominated financial assets and liabilities	5%	$ 114,000
ARS denominated financial assets and liabilities	5%	$ 275,000

18. SUBSEQUENT EVENTS:

(a) In November 2014, the Company obtained and drew down a second loan facility with HSBC Argentina in the amount of ARS 14,500,000 ($1,700,000). The loan bears compensatory interest at a rate of 34% per annum on ARS 8,500,000 and 31.5% per annum on ARS 6,000,000, calculated and paid monthly.

ARS 8,500,000 is repayable on October 16, 2015 and ARS 6,000,000 is renewable on February 11, 2015 at the Company's option at the prevailing interest rate. The Company has provided HSBC Argentina security in the form of a USD denominated GIC in the amount of $1,700,000 on deposit with a major Canadian financial institution.

(b) In November 2014, due to current exchange rate differences between the Argentine Peso and the US dollar, the Company reduced the $2,310,000 GIC, provided as security to HSBC Argentina pursuant to the ARS 26,800,000 loan described in Note 8, to $1,585,000.

(c) On November 16, 2014, the Company signed a $15,000,000 investment agreement under which it anticipates raising new capital through an issue of 51,724,138 common shares on a private placement basis at a price of $0.29 (CAD $0.33) per share to two strategic investors (the "Investors") based in Argentina, completed in two tranches:

- At the first closing (the "Initial Closing"), the Investors have committed to purchase an aggregate of 25,965,704 Shares for aggregate gross proceeds of $7,530,054 to be received as follows: (i) $2,000,000 in US dollars and (ii) the balance of $5,530,054 in Argentine pesos based on the US dollar – Argentine peso exchange rate of Banco de la Nación Argentina at the close of business on the business day immediately prior to the Initial Closing date.

- At the second closing (the "Second Closing"), the Investors have committed to purchase an aggregate of 25,758,434 Shares for aggregate gross proceeds of $7,469,946 to be received in Argentine pesos based on the US dollar – Argentine peso exchange rate of Banco de la Nación Argentina at the close of business on the business day immediately prior to the Second Closing date.

The Initial Closing and the Second Closing are subject to certain conditions and approvals customary for a transaction of this nature, including TSXV approval. In addition: (i) the Initial Closing is subject to the Board appointing two of the Investors' nominees to the Board and the Company and the Investors entering into a mutually acceptable area of mutual interest agreement; and (ii) the Second Closing is subject to the approval of the Company's shareholders. Subject to certain exceptions, the Company has agreed to work exclusively with the Investors to complete the Investment and to not pursue other sources of equity financing.

19. CONTINGENCY:

The operator of the Cañadón Ramirez Concession received a claim from the Province of Chubut tax authorities for unpaid surface rights related to acreage relinquished by the operator for which the relinquishments have not yet been recognized by the Province of Chubut. The operator has commenced legal proceedings to have the relinquishments recognized and the claim reversed. Should the operator be unsuccessful, the Company will be required to pay approximately $263,000 for its share of the claim. An assessment of the likelihood of loss is indeterminable at this time and as a result, no provision has been made in these consolidated financial statements. Any such loss will be recognized in the period it becomes likely to occur.

(United States dollars)

20. SEGMENTED INFORMATION:

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

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

	Canada [1]	Argentina					Total
		TDF	E&E	El Valle [2]	Corporate	Total	
September 30, 2014	$	$	$	$	$	$	$
Exploration and evaluation assets	-	-	15,102,925	-	-	15,102,925	15,102,925
Property and equipment	351,090	25,426,746	-	-	315,144	25,741,890	26,092,980
Total assets	5,277,035	28,508,482	15,102,925	-	3,555,535	47,166,942	52,443,977
Total liabilities	(268,495)	(7,511,639)	(818,686)	-	(1,017,153)	(9,347,478)	(9,615,973)
Three months ended September 30, 2014							
Revenue [3]	53,014	3,982,151	-	-	-	3,982,151	4,035,165
Petroleo Plus Credits	-	-	-	-	-	-	-
Net income (loss) from continuing operations	(666,728)	756,199	-	-	(1,036,182)	(279,983)	(946,711)
Net income from discontinued operations	-	-	-	16,649	-	16,649	16,649
Net income (loss)	(666,728)	756,199	-	16,649	(1,036,182)	(263,334)	(930,062)
Nine months ended September 30, 2014							
Revenue [3]	170,049	10,693,832	-	1,661,944	-	12,355,776	12,525,825
Petroleo Plus Credits	-	363,539	-	-	-	363,539	363,539
Net income (loss) from continuing operations	(2,333,721)	1,937,614	-	-	(3,274,346)	(1,336,732)	(3,670,453)
Net loss from discontinued operations	-	-	-	(8,446,258)	-	(8,446,258)	(8,446,258)
Net income (loss)	(2,333,721)	1,937,614	-	(8,446,258)	(3,274,346)	(9,782,990)	(12,116,711)

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

(United States dollars)

	Canada [1]	**Argentina**					**Total**
		TDF	E&E	El Valle [2]	Corporate	Total	
December 31, 2013	$	$	$	$	$	$	$
Exploration and evaluation assets	-	-	10,350,417	-		10,350,417	10,350,417
Property and equipment	405,404	19,186,021	-	12,295,411	143,015	31,624,447	32,029,851
Total assets	7,821,602	22,357,967	10,350,417	13,018,194	11,320,284	57,046,862	64,868,464
Total liabilities	(546,302)	(7,219,214)	(24,130)	(1,341,903)	(1,038,577)	(9,623,824)	(10,170,126)
Three months ended September 30, 2013							
Revenue [3]	46,047	3,823,254	-	1,025,214	-	4,848,468	4,894,515
Petroleo Plus Credits	-	-	-	1,536,202	-	1,536,202	1,536,202
Net income (loss) from continuing operations	(923,688)	471,786	-	-	(703,369)	(231,583)	(1,155,271)
Net loss from discontinued operations	-	-	-	1,302,249	-	1,302,249	1,302,249
Net income (loss)	(923,688)	471,786	-	1,302,249	(703,369)	1,070,666	146,978
Nine months ended September 30, 2013							
Revenue [3]	151,394	11,425,921	-	5,081,982	-	16,507,903	16,659,297
Petroleo Plus Credits	-	-	-	2,736,391	-	2,736,391	2,736,391
Impairment	-	-	1,631,777	8,296,521	-	9,928,298	9,928,298
Net income (loss) from continuing operations	(3,341,317)	1,684,826	(1,631,777)	-	(2,328,784)	(2,275,735)	(5,617,052)
Net loss from discontinued operations	-	-	-	(5,731,259)	-	(5,731,259)	(5,731,259)
Net income (loss)	(3,341,317)	1,684,826	(1,631,777)	(5,731,259)	(2,328,784)	(8,006,994)	(11,348,311)

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