CROWN POINT ENERGY INC.
Consolidated Financial Statements

For the years ended December 31, 2014

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 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.

"Murray McCartney"	*"Arthur J.G. Madden"*
Murray McCartney President and Chief Executive Officer	Arthur J.G. Madden Vice President Finance and Chief Financial Officer

Calgary, Alberta
April 29, 2015

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Crown Point Energy Inc.

We have audited the accompanying consolidated financial statements of Crown Point Energy Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Crown Point Energy Inc. as at December 31, 2014 and December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company's ability to continue as a going concern is dependent upon the existence of economically recoverable reserves and upon the Company's ability to obtain additional financing to meet the significant future capital commitments to develop its properties. These conditions, and others described in Note 1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

KPMG LLP

Chartered Accountants

April 29, 2015
Calgary, Canada

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CROWN POINT ENERGY INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31
(United States Dollars)

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents (Note 20)	$ 4,653,853	$ 13,375,605
Trade and other receivables (Note 22)	3,242,145	3,766,331
Inventory	365,500	231,833
Prepaid expenses	926,260	1,628,266
Deposits (Note 10)	1,700,000	-
	10,887,758	19,002,035
Exploration and evaluation assets (Note 6)	14,828,994	10,350,417
Property and equipment (Note 7)	29,063,224	32,029,851
Other non-current assets (Note 8)	1,204,336	1,176,161
Deposit (Note 10)	1,585,000	2,310,000
	$ 57,569,312	$ 64,868,464
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	$ 5,015,307	$ 3,781,401
Current portion of bank debt (Note 10)	3,297,250	171,408
	8,312,557	3,952,809
Bank debt (Note 10)	1,451,658	3,942,392
Decommissioning provision (Note 11)	2,109,424	2,274,925
	11,873,639	10,170,126
Shareholders' equity:		
Share capital (Note 12)	107,575,856	101,334,798
Contributed surplus	6,724,551	6,113,152
Accumulated other comprehensive loss	(17,412,508)	(16,992,986)
Deficit	(51,192,226)	(35,756,626)
	45,695,673	54,698,338
	$ 57,569,312	$ 64,868,464

Reporting entity and going concern (Note 1)
Commitments (Note 23)
Subsequent events (Note 24)
Segmented information (Note 25)

Approved on behalf of the Board of Directors:

"Gordon Kettleson"	*"Murray McCartney"*
Gordon Kettleson, Director	Murray McCartney, Director

See accompanying notes to consolidated financial statements.

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

		2014		2013
				(Note 2(d))
Revenue				
Oil and gas	$	13,793,035	$	15,686,650
Royalties		(2,213,468)		(2,429,920)
		11,579,567		13,256,730
Expenses				
Operating		5,211,085		6,034,271
General and administrative		5,065,433		6,363,044
Depletion and depreciation		4,583,017		5,029,516
Remediation and concession expenses (Note 15)		826,991		-
Impairment (Note 16)		608,722		477,777
Share-based payments (Note 13)		586,999		1,006,574
Foreign exchange loss		671,783		371,427
		17,554,030		19,282,609
Results from continuing operating activities		(5,974,463)		(6,025,879)
Net finance expense (Note 17)		(956,022)		(626,486)
Other income (expenses) (Note 18)		(58,857)		327,962
Net loss from continuing operations		(6,989,342)		(6,324,403)
Net loss from discontinued operations, net of tax (Note 5)		(8,446,258)		(8,666,858)
Net loss for the year		(15,435,600)		(14,991,261)
Exchange differences on translation of foreign operations		(419,522)		(8,192,554)
Comprehensive loss for the year	$	(15,855,122)	$	(23,183,815)
Net loss per share from continuing operations	$	(0.07)	$	(0.06)
Net loss per share from discontinued operations	$	(0.08)	$	(0.08)
Net loss per share	$	(0.15)	$	(0.14)
Weighted average shares outstanding - basic and diluted		105,368,889		104,515,222

See accompanying notes to consolidated financial statements.

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

		2014		2013
Share capital				
Balance, beginning of year	$	101,334,798	$	101,536,837
Issuance of share capital, net of costs (Note 12)		6,241,058		-
Expiry of share purchase warrants		-		(202,039)
Balance, end of year		107,575,856		101,334,798
Contributed surplus				
Balance, beginning of year		6,113,152		4,833,524
Share-based payments (Note 13)		611,399		1,077,589
Expiry of share purchase warrants		-		202,039
Balance, end of year		6,724,551		6,113,152
Accumulated other comprehensive loss				
Balance, beginning of year		(16,992,986)		(8,800,432)
Exchange differences on translation of foreign operations		(419,522)		(8,192,554)
Balance, end of year		(17,412,508)		(16,992,986)
Deficit				
Balance, beginning of year		(35,756,626)		(20,765,365)
Net loss		(15,435,600)		(14,991,261)
Balance, end of year		(51,192,226)		(35,756,626)
Total shareholders' equity	$	45,695,673	$	54,698,338

See accompanying notes to consolidated financial statements.

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

		2014		2013
				(Note 2(d))
Operating:				
Net loss from continuing operations	$	(6,989,342)	$	(6,324,403)
Items not affecting cash:				
Depletion and depreciation		4,583,017		5,029,516
Impairment		608,722		477,777
Share-based payments		586,999		1,006,574
Unrealized foreign exchange loss (gain)		1,411,999		(597,333)
Interest expense		583,244		-
Accretion of decommissioning provision		56,926		240,473
Decommissioning expenditures		-		(44,759)
		841,565		(212,155)
Change in non-cash working capital (Note 20)		1,349,359		(168,441)
Operating cash flows from continuing operations		2,190,924		(380,596)
Operating cash flows from discontinued operations (Note 5)		312,987		7,683,346
		2,503,911		7,302,750
Financing:				
Bank debt proceeds, net		1,573,728		4,486,320
Cash held in trust		(975,000)		(2,310,000)
Interest expense		(583,244)		-
Proceeds from share issuance, net of costs		6,241,058		-
		6,256,542		2,176,320
Investing:				
Exploration and evaluation expenditures		(4,905,879)		(4,431,180)
Property and equipment expenditures, net		(11,049,154)		(2,231,057)
Change in other non-current assets		(298,810)		(636,671)
Change in non-cash working capital (Note 20)		1,028,976		(362,896)
Investing cash flows used in continuing operations		(15,224,867)		(7,661,804)
Investing cash flows from (used in) discontinued operations (Note 5)		245,308		(682,319)
		(14,979,559)		(8,344,123)
Change in cash and cash equivalents		(6,219,106)		1,134,947
Foreign exchange effect on cash held in foreign currencies		(2,502,646)		(671,375)
Cash and cash equivalents, beginning of year		13,375,605		12,912,033
Cash and cash equivalents, end of year	$	4,653,853	$	13,375,605

See accompanying notes to 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 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 year ended December 31, 2014, the Company incurred a net loss of approximately $15.4 million. As at December 31, 2014, the Company has working capital of approximately $2.6 million and significant future capital commitments to develop its properties.

On December 19, 2014, the Company closed the first tranche of a financing for gross proceeds of $6.5 million as disclosed in Note 12. In addition, on February 24, 2015, the Company received shareholder approval for the second tranche of the financing and received $8.5 million of proceeds in March and April 2015 as disclosed in Note 24.

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

2. BASIS OF PRESENTATION:

(a) Statement of compliance

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

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 29, 2015.

(b) Basis of measurement

The financial statements have been prepared in accordance with IFRS on a historical cost basis.

(c) Functional and presentation currency

The functional currency of each 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 in which the company chooses to present its financial statements.

The functional currency of Crown Point Oil & Gas S.A., CanAmericas (Argentina) Energy Ltd. and Antrim Argentina S.A. 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.

The Company changed the functional currency of the Argentine subsidiaries from the Argentine Peso (“ARS”) to the USD on October 1, 2013. Concurrent with the functional currency change, the Company changed its reporting currency from the CAD to the USD effective October 1, 2013.

(d) Comparative presentation

The presentation of comparative figures in the consolidated statements of loss and comprehensive loss, the consolidated statements of cash flows and certain disclosures has been changed to reflect the impact of

discontinued operations (Note 5).

(e) Use of judgments and estimates

The preparation of financial statements in conformity with IFRS 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.

- 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 in-flows. The determination of the Company's CGUs was based on management's judgment in regards to shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality. The allocation of assets into CGU's requires significant judgment and interpretations with respect to the way in which management monitors operations.

- 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.

- Current and deferred taxes

  Tax interpretations, regulations 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. For more information on the Company's deferred taxes, see Note 19.

- 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 assessing whether the carrying value of any of the Company's development and production assets has been impaired. 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, projected future rates of production, commodity pricing and timing of future expenditures, all of which are subject to significant judgment and interpretation.

- Business combinations

  Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as cash paid and the estimated fair value of other assets given, common shares and other equity instruments issued and liabilities incurred or assumed at the date of exchange. The acquired identifiable assets and liabilities assumed, including contingent liabilities, are measured at their recognized amount (mostly fair value) at the date of acquisition. Any excess of the cost of the acquisition over the fair value of the net identifiable assets acquired is recognized as goodwill. Any deficiency of the cost of the acquisition below the fair value of the net identifiable assets acquired is recognized in earnings in the period of acquisition. Associated transaction costs are expensed when incurred.

- Carrying value of development and production and exploration and evaluation 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 cash-generating units have been determined based on the higher of value-in-use and fair value less costs to sell.

  These calculations require the use of estimates and assumptions, such as estimates of proved plus probable reserves, future production rates, oil and natural gas prices, future costs 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 and exploration and evaluation assets may be required as a result of changes to these estimates and assumptions.

  The Company's concessions may be subject to renewal extensions which require approval from local government authorities. The Company has been successful in obtaining approvals for certain of its concessions and is currently awaiting renewal on others. 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 extension renewals, estimates of proved plus 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 proved and probable petroleum and natural gas 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 to the financial statements 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. For more information on the Company's decommissioning provision, see Note 11.

- 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. For more information on the Company's deferred taxes, see Note 19.

- Share-based payments

  The Company measures the estimated cost of its share-based payments using a Black-Scholes pricing model. Measurement inputs include: the share price on the measurement date, expected lives of options, expected forfeiture rates, risk-free rates of return and expected stock price volatility. Changes to assumptions may have a material impact on the amounts presented. For more information on the Company's share-based payments, see Note 13.

3. SIGNIFICANT ACCOUNTING POLICIES:

(a) Consolidation

Subsidiaries

These 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.

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.

The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. 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 recognized amounts (generally 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 earnings.

Joint arrangements

The Company's oil and natural gas activities involve jointly controlled assets. The consolidated financial statements include the Company's share of these jointly controlled assets 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 earnings.

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 translating foreign operations on the Statement of Comprehensive Loss and are reported as a separate component of shareholders' equity titled "Accumulated Other Comprehensive Income".

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash deposits and short-term money market investments with an original

maturity of three months or less.

(d) Inventory

Inventory is stated at the lower of cost and net realizable value. Cost of producing crude oil is accounted on a weighted average basis. This cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil is the producing cost, including royalties and the appropriate proportion of depletion and depreciation and overheads. 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.

Crude oil lifted below or above the Company's working interest share of production results in production underlifts or overlifts. Net underlifts are recorded as inventory and net overlifts are recorded in accounts payable and accrued liabilities at fair market value.

(e) Exploration and evaluation assets ("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 and capitalized decommissioning costs. Interest and borrowing costs incurred on E&E assets are not capitalized.

E&E costs are not depleted and are accumulated in cost centres 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 considered to be demonstrable when 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 will be tested for impairment and reclassified from exploration assets to development and production assets, a separate category within property and equipment.

Impairment

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount exceeds the recoverable amount and when they are reclassified to development and production ("D&P") assets. For the purpose of impairment testing, E&E assets are grouped by concession or field with other E&E and D&P assets belonging to the same cash-generating unit (''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. The impairment loss will be calculated as the excess of the carrying value over recoverable amount of the E&E impairment grouping and any resulting impairment loss is recognized in earnings. Recoverable amount is determined by reference to the greater of value in use or fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 to sell is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell 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 assets, 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 assets.

Management expects fair value less cost to sell to approximate the value in use.

(f) 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 earnings.

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 earnings 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 earnings as incurred.

Depletion and depreciation

The net book value of producing 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 proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. 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 crude oil.

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.

The Company assesses the method of depreciation, useful lives and residual values at least annually.

Impairment

At the end of each reporting period, the Company reviews the D&P assets for circumstances that indicate the assets may be impaired. Assets are grouped together into CGUs for the purpose of impairment testing. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. A CGUs recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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. Value in use is generally computed by reference to the present value of future cash flows expected to be derived from the production of proved and probable reserves.

Fair value less cost to sell 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 to sell 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. 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 allocated on a pro rata basis to the assets within the CGU. The impairment loss is recognized as an expense in earnings.

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 had no impairment loss have been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized in earnings.

(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 centre.

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) Taxes

Taxes on earnings for the periods presented are comprised of current and deferred tax. Taxes are recognized in earnings 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 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 affect 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.

(i) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, interest-bearing bonds included in other non-current assets, deposit, trade and other payables and bank debt. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

- Financial assets at fair value through profit or loss

  An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in earnings when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in earnings. The Company has classified cash and cash equivalents as fair value through profit or loss.

- Other

  Other non-derivative financial instruments, such as trade and other receivables, interest-bearing bonds, deposit, trade and other payables and bank debt are measured at amortized cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Company has not entered into any financial derivative contracts.

(j) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in earnings. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in earnings.

(k) Share capital

Common and preferred shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

(l) Share-based payments

The Company follows the fair value method of accounting for stock options. The fair value of each stock option is calculated using the Black-Scholes option pricing model and is charged to income over the vesting period of the option, with a corresponding increase recorded in contributed surplus. Forfeitures are accounted for at grant date and adjusted based on actual vesting. Upon exercise of the stock option, the consideration received plus the amount previously recorded in contributed surplus is recorded as an increase to share capital.

(m) Per share amounts

The Company presents basic and diluted per share data for its common shares. Basic per share amounts are calculated by dividing the profit (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted per share amounts are determined by adjusting earnings attributable to common shareholders and the weighted average number of common shares outstanding, adjusted, for the effects of all dilutive potential common shares.

(n) Revenue recognition

Petroleum and natural gas revenues are recognized when title and risks pass to the purchaser and payment is reasonably assured.

(o) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under the Company's short-term incentive bonus plan as a result of service provided by employees once the obligation can be estimated reliably.

(p) Finance income and expenses

Finance expense comprises financing fees and bank charges related to bank stamp taxes charged in Argentina on cash transfers, interest on bank debt and accretion of the decommissioning provision.

Interest income is recognized in earnings as it accrues using the effective interest method.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the executive directors that make strategic decisions.

(r) Changes in accounting standards

On January 1, 2014, the Company adopted amendments to *IAS 32 Financial Instruments: Presentation* and *IAS 36 Impairment of Assets* and *IFRIC 21 Levies*. The adoption of these amendments and interpretation had no impact on the amounts recorded in the financial statements for the year ended December 31, 2014.

(s) 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 may have an impact on the Company:

IFRS 15 Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board issued *IFRS 15 Revenue from Contracts with Customers* which specifies how and when an entity will recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. *IFRS 15* is effective for annual period beginning on or after January 1, 2017.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of *IFRS 9 Financial Instruments* which replaces *IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9* includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. *IFRS 9* is effective for annual period beginning on or after January 1, 2018.

The Company is currently assessing the impact of these standards and amendments on its financial statements.

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.

(a) Property and equipment and E&E assets

The value of property and equipment and E&E assets recognized in a business combination is based on fair values. The fair value of property and equipment is the estimated amount for which property and equipment could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of petroleum and natural gas assets (included in property, and equipment) and E&E

assets is estimated with reference to the discounted cash flows expected to be derived from oil and natural gas production based on externally prepared reserve reports. The risk-adjusted discount rate is specific to the asset with reference to general market conditions.

(b) Cash and cash equivalents, trade and other receivables and trade and other payables

The fair values of cash and cash equivalents, trade and other receivables 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, 2014 and 2013, the fair value of these balances approximated their carrying amount due to their short term to maturity.

(c) Other non-current assets, deposit and bank debt

The fair values of interest-bearing bonds included in other non-current assets, deposit and bank debt are based on the discounted present value of future cash flows and approximates carrying amount.

(d) Stock options

The fair value of stock options is measured using a Black-Scholes pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected forfeiture rate (based on historic forfeitures), expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). See Note 13.

(e) Financial instruments

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 are Level 1 financial assets.

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. Interest-bearing bonds included in other non-current assets, deposit and bank debt are Level 2 financial instruments.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

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. 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 loss from the discontinued operations of El Valle is comprised of the following:

	2014	2013
Oil and natural gas revenue	$ 1,661,944	$ 6,029,997
Royalties	(445,085)	(1,632,095)
Operating expenses	(671,392)	(2,488,723)
Depletion and depreciation	(425,664)	(2,066,295)
Loss on disposition	(8,330,741)	–
Impairment (Note 16)	–	(14,250,507)
Foreign exchange loss	(232,480)	(209,397)
Accretion of decommissioning provision	(2,840)	(33,402)
Petroleo Plus credits (Note 18)	–	5,983,564
Net loss from discontinued operations, net of tax	$ (8,446,258)	$ (8,666,858)

The cash flows from (used in) the discontinued operations of El Valle are as follows:

	2014	2013
Net loss from discontinued operations, net of tax	$ (8,446,258)	$ (8,666,858)
Depletion and depreciation	425,664	2,066,295
Loss on disposition	8,330,741	–
Impairment	–	14,250,507
Accretion of decommissioning provision	2,840	33,402
Operating cash flows from discontinued operations	$ 312,987	$ 7,683,346
Investing cash flows from (used in) discontinued operations	$ 245,308	$ (682,319)

There were no assets or liabilities of the discontinued operations as at December 31, 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 for the year ended December 31, 2014.

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

	2014	2013
Carrying amount, beginning of year	$ 10,350,417	$ 9,945,769
Additions	4,905,879	4,475,939
Decommissioning changes	80,420	(76,067)
Impairment (Note 16)		
Continuing operations	(507,722)	(331,777)
Discontinued operations (Note 5)	–	(2,120,000)
Effect of change in exchange rates	–	(1,543,447)
Carrying amount, end of year	$ 14,828,994	$ 10,350,417

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 period. E&E assets are not depreciated or depleted.

The amounts capitalized as Argentina E&E assets at December 31, 2014 include $1.4 million of Value Added Tax ("VAT") (2013 – $1.3 million). See Note 9.

7. PROPERTY AND EQUIPMENT:

	Argentina		Canada	
	Development and Production Assets	Other Assets	Other Assets	Total
Cost:	$	$	$	$
Balance at December 31, 2012	59,912,046	250,790	649,598	60,812,434
Additions				
Continuing operations	2,125,408	68,740	123,335	2,317,483
Discontinued operations (Note 5)	666,908	–	–	666,908
Decommissioning changes	134,348	–	–	134,348
Effect of change in exchange rates	(8,177,436)	(42,254)	(23,778)	(8,243,468)
Balance at December 31, 2013	54,661,274	277,276	749,155	55,687,705
Additions (recoveries)				
Continuing operations	10,819,249	244,765	9,540	11,073,554
Discontinued operations (Note 5)	(245,308)	–	–	(245,308)
Disposition (Note 5)	(25,123,520)	–	–	(25,123,520)
Decommissioning changes	61,592	–	–	61,592
Effect of change in exchange rates	–	–	(58,888)	(58,888)
Balance at December 31, 2014	40,173,287	522,041	699,807	41,395,135
Accumulated depletion and depreciation:				
Balance at December 31, 2012	6,938,968	84,044	239,137	7,262,149
Depletion and depreciation				
Continuing operations	4,774,077	70,010	99,474	4,943,561
Discontinued operations (Note 5)	2,066,295	–	–	2,066,295
Impairment – Discontinued operations (Notes 5 and 16)	11,683,918	–	–	11,683,918
Effect of change in exchange rates	(2,283,416)	(19,793)	5,140	(2,298,069)
Balance at December 31, 2013	23,179,842	134,261	343,751	23,657,854
Depletion and depreciation				
Continuing operations	4,458,648	120,676	62,597	4,641,921
Discontinued operations (Note 5)	425,664	–	–	425,664
Disposition (Note 5)	(16,363,628)	–	–	(16,363,628)
Effect of change in exchange rates	–	–	(29,900)	(29,900)
Balance at December 31, 2014	11,700,526	254,937	376,448	12,331,911
Net carrying amount:				
At December 31, 2013	31,481,432	143,015	405,404	32,029,851
At December 31, 2014	28,472,761	267,104	323,359	29,063,224

Capitalized amounts:

The amounts capitalized as D&P assets in Argentina during the year ended December 31, 2014 include $244,269 of general and administrative costs and $24,400 of share-based compensation (2013 – $617,604 and $71,015, respectively).

As at December 31, 2014, D&P assets in Argentina include $3.0 million of VAT (2013 – $3.3 million). See Note 9.

Future development costs and salvage value:

The depletion expense calculation for the year ended December 31, 2014 included $36.1 million (2013 – $22.5 million) for estimated future development costs associated with proved and probable reserves in Argentina. The Company reduced the December 31, 2014 depletable amount by $nil of estimated salvage value (2013 – $646,500).

8. OTHER NON-CURRENT ASSETS:

Other non-current assets are comprised of interest bearing bonds and long-term receivables for which fair value approximates the carrying amount.

		2014		2013
Interest-bearing bonds (a)	$	221,930	$	358,955
Long-term receivables (b)		1,044,767		899,815
		1,266,697		1,258,770
Current portion of interest-bearing bonds included in trade and other receivables		(62,361)		(82,609)
Total non-current assets	$	1,204,336	$	1,176,161

(a) Interest-bearing bonds

In 2009, the Argentina state owned natural gas transportation company commenced a project to increase capacity on the pipeline connecting Tierra del Fuego ("TDF") with the mainland. Antrim Argentina was obligated to invest in the project through the purchase of ARS denominated interest-bearing bonds issued by a national trust created by the Argentine government. As at December 31, 2014, the interest rate for the period was 8.0% (2013 – 18.4%). Repayment of the bonds is in thirty quarterly installments of principal that commenced in January 2011.

(b) Long-term receivables

Long-term receivables primarily relate to ARS denominated Minimum Presumptive Income Tax paid by the Argentine subsidiaries which can be applied against future taxable income of the subsidiaries.

9. VAT:

		2014		2013
Included in prepaid expenses	$	2,262	$	469,201
Included in E&E assets (Note 6)		1,406,578		1,316,702
Included in property and equipment (Note 7)		2,982,033		3,274,782
	$	4,390,873	$	5,060,685

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 is included in E&E assets and property and equipment when related sales have not yet commenced (E&E assets) or sales are lower than capital expenditures (property and equipment) and VAT amounts are not expected to be offset with VAT on sales within the next 12 months. VAT does not expire and may be carried forward indefinitely.

10. BANK DEBT:

		2014		2013
Development loan facility (a)	$	3,035,283	$	4,113,800
Loan facility (b)		1,713,625		–
		4,748,908		4,113,800
Current portion of bank debt		(3,297,250)		(171,408)
Long-term portion of bank debt	$	1,451,658	$	3,942,392

(a) On November 13, 2013, Antrim Argentina drew all of the available ARS 26,800,000 ($4,486,320) of proceeds under a development loan facility with HSBC Argentina. The loan bears interest at a fixed rate of 15.25% per annum, calculated and paid monthly commencing on the date the loan is drawn. The loan principal is repayable in 24 monthly installments commencing December 8, 2014.

On the draw date of the loan, the Company 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. In November 2014, due to current exchange rate differences between the Argentine Peso and the US dollar, the Company reduced the GIC to $1,585,000.

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

Antrim Argentina is subject to two financial covenants, tested on an annual basis, both of which were met as at December 31, 2014 and 2013:

- Financial Debt to EBITDA ratio of 1.5 or less to 1 as defined in the development loan agreement. In simplified terms, Financial Debt is the total of Antrim Argentina's liabilities, excluding trade and other payables and decommissioning liabilities, and EBITDA is Antrim Argentina's results from operating activities plus depreciation and depletion.
- Interest Coverage of 3.0 times or higher as defined in the development loan agreement. In simplified terms, the Interest Coverage Ratio is determined as EBITDA divided by the sum of Antrim Argentina's interest, commissions, fees, pre-cancellation and other amounts related to Financial Debt, excluding principal payments.

As at December 31, 2014, the balance owing under the development loan facility was ARS 25,683,333 ($3,035,283) (2013 – ARS 26,800,000 ($4,113,800)).

(b) In November 2014, the Company obtained and drew down a second loan facility with HSBC Argentina in the amount of ARS 14,500,000 ($1,704,600). The loan bears 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 was renewed on February 11, 2015 until April 12, 2015 at the Company's option at the prevailing interest rate of 30.5% per annum.

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.

As at December 31, 2014, the balance owing under the loan facility was ARS 14,500,000 ($1,713,625). In April 2015, the Company repaid the entire balance owing. See Note 24(b).

During 2014, the Company recognized $583,244 (2013 – $95,125) of interest expense on bank debt.

During 2014, the devaluation of ARS resulted in a reduction in the USD equivalent of ARS denominated bank debt by $938,620 (2013 – $372,520).

11. DECOMMISSIONING PROVISION:

The Company's decommissioning provision results from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. At December 31, 2014 the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately $2.7 million (2013 – $3.3 million). These costs are expected to be incurred over the next 12 years. The decommissioning obligations have been estimated using existing technology at current prices and discounted using discount rates that reflect current market assessments of the time value of money and the risks specific to each liability. An average risk-free interest rate of 2% (2013 – 3%) and an inflation rate of 0.8% (2013 – 1.5%) was used to calculate the fair value of the decommissioning provision in Argentina.

A reconciliation of the decommissioning provision is provided below:

		2014		2013
Balance, beginning of year	$	2,274,925	$	2,306,355
Additions		141,739		–
Disposition (Note 5)		(367,279)		–
Accretion				
Continuing operations		56,926		240,473
Discontinued operations (Note 5)		2,840		33,402
Settlement		–		(44,759)
Change in estimates		273		103,040
Effect of change in exchange rates		–		(363,586)
Balance, end of year	$	2,109,424	$	2,274,925

12. 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

(b) Issued and outstanding

	Number of common shares		Amount
Balance, December 31, 2012	104,515,222	$	101,536,837
Expiry of warrants	–		(202,039)
Balance, December 31, 2013	104,515,222		101,334,798
Strategic Financing – Initial Tranche	25,965,704		6,491,426
Share issue costs	–		(250,368)
Balance, December 31, 2014	130,480,926	$	107,575,856

The Company entered into an Investment Agreement dated November 16, 2014 and amended and restated as of December 19, 2014 pursuant to which, subject to the terms of the Investment Agreement, two investors (the "Strategic Investors") would subscribe for and purchase an aggregate of 60,000,000 common shares of the Company at an issue price of $0.25 per share for aggregate gross proceeds of $15 million ("the Strategic Financing"). Pursuant to the terms of the Investment Agreement, the Strategic Investors and the Company agreed to complete the Strategic Financing in two tranches, the first tranche (the "Initial Tranche") comprised of the issuance of 25,965,704 common shares for aggregate gross proceeds of $6,491,426 and a second tranche

(the "Second Tranche") comprised of the issuance of 34,034,296 common shares for gross proceeds of $8,508,574.

The Initial Tranche was completed on December 19, 2014 at a price of $0.25 (CAD $0.29) per share pursuant to which gross proceeds of $6,491,426 were received as follows: (i) $2,000,000 in US dollars and (ii) the balance of $4,491,426 through the payment of ARS 38,446,607 based on the US dollar – Argentine peso exchange rate of Banco de la Nación Argentina at the close of business on December 18, 2014, being USD 1 = ARS 8.56. Share issue costs of $250,368 were incurred as part of the financing.

As the completion of the Second Tranche would result in the Strategic Investors becoming a "control person" of the Company as defined by the TSX Venture Exchange, thereby requiring disinterested shareholder approval. The Company received such approval at a Special Meeting of shareholders on February 24, 2015 and completed the Second Tranche in March and April 2015. See Note 24(a).

13. 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 the 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.

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.

The grant/modification date weighted average fair value of stock options granted/modified in the year ended December 31, 2014 was $0.41 per option (2013 – $0.30), estimated using the Black-Scholes pricing model calculations based on the following significant assumptions:

	2014	2013
Risk-free interest rate	1.31%	1.32%
Expected forfeitures	20%	10%
Expected volatility	84%	115%
Expected life	3.6 years	5 years
Dividends	nil	nil

Stock option activity for the years ended December 31, 2014 and 2013 is summarized as follows:

	2014		2013	
	Number of Options	Weighted Average Exercise Price (CAD)	Number of Options	Weighted Average Exercise Price (CAD)
Balance, beginning of year	7,585,000	$ 0.83	4,990,000	$ 1.09
Granted	1,265,000	0.87	2,875,000	0.37
Expired	(150,000)	(0.70)	(210,000)	(0.60)
Forfeited	(540,000)	(1.02)	(70,000)	(0.37)
Balance, end of year	8,160,000	$ 0.83	7,585,000	$ 0.83
Exercisable, end of year	6,528,336	$ 0.88	4,988,318	$ 1.01

Stock options outstanding and exercisable at December 31, 2014 are as follows:

Expiry date	Exercise Price (CAD)	Outstanding	Exercisable
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
		8,160,000	6,528,336

During the years ended December 31, 2014 and 2013, the Company recognized the following share-based compensation:

	2014	2013
Expensed	$ 586,999	$ 1,006,574
Capitalized as D&P assets (Note 7)	24,400	71,015
	$ 611,399	$ 1,077,589

As at December 31, 2014, the remaining unvested balance of share-based payments was $197,070.

14. PER SHARE AMOUNTS:

	2014	2013
Net loss from continuing operations	(6,989,342)	(6,324,403)
Net loss from discontinued operations	(8,446,258)	(8,666,858)
Net loss	$ (15,435,600)	$ (14,991,261)
Opening number of shares	104,515,222	104,515,222
Effect of shares issued (Note 12 (b))	853,667	–
Basic weighted average number of shares	105,368,889	104,515,222
Basic and diluted per share amounts:		
Net loss from continuing operations	$ (0.07)	$ (0.06)
Net loss from discontinued operations	(0.08)	(0.08)
Net loss	$ (0.15)	$ (0.14)

For the years ended December 31, 2014 and 2013, all stock options were excluded from the diluted per share amounts as their effect was anti-dilutive.

15. REMEDIATION AND CONCESSION EXPENSES:

During 2014, the Company recognized $626,741 of remediation expenses and $200,250 of concession expenses.

Remediation expenses relate to the Company's working interest share of the estimated cost to clean up pre-existing soil contamination, clean up a former flare pit and repair a tank retaining wall for deficiencies identified at two gas plant locations during a recent environmental assessment performed by Argentine provincial authorities.

Concession expenses relate to the Company's working interest share of unpaid surface rights on the Cañadón Ramirez Concession. 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 in 2008 and 2009 for which the relinquishments were not recognized by the Province of Chubut until 2013. The operator commenced legal proceedings and appeals to have the relinquishments recognized by the Province when submitted in 2008 and 2009 and the claim reversed, however, the Province has rejected the operator's recent appeals. As a result, the operator has decided to pay the unpaid surface rights and continue to appeal and receive a refund. The Company was invoiced for its share of the payment in the amount of $200,250 which has been expensed as the Company had fully impaired the Cañadón Ramirez Concession in 2013.

16. IMPAIRMENT:

		2014		2013
Continuing operations				
Trade and other receivables (a)	$	101,000	$	146,000
Exploration and evaluation assets (b)		507,722		331,777
		608,722		477,777
Discontinued operations (Note 5)				
Trade and other receivables (a)		–		446,589
Exploration and evaluation assets (b)		–		2,120,000
Property and equipment (c)		–		11,683,918
		–		14,250,507
	$	608,722	$	14,728,284

(a) Trade and other receivables

During 2014, the Company evaluated the collectability of $247,000 from an Argentine operator (2013 – $146,000) and recognized $101,000 (2013 – $146,000) of impairment due to collectability concerns. The Company continues to address matters with the operator in an attempt to collect the entire amount receivable.

During 2013, the Company evaluated the collectability of $892,768 from the operator of the El Valle Exploitation Concession and recognized $446,589 of impairment due to collectability concerns. On June 30, 2014, the balance of amounts owing from the El Valle operator were written off and included in the loss on disposition.

(b) Exploration and evaluation assets

During 2014, the Company recognized impairment for the entire carrying amount of the Laguna de Piedra Concession in the amount of $507,722 (2013 – $331,777 Cañadón Ramirez Concession) as the Company has no current plans to further develop the Concession.

During 2013, the Company recognized $2,120,000 of impairment related certain E&E assets included in the El Valle cash-generating unit ("CGU") as disclosed below.

(c) Property and equipment

<u>TDF CGU</u>

The Company did not identify any indicators of impairment in relation to its TDF CGU during the years ended December 31, 2014 and 2013.

El Valle CGU

The Company disposed of its interest in the El Valle Exploitation Concession on June 30, 2014 as disclosed in Note 5.

During 2013, the Company identified certain business risks related to its El Valle CGU, such as steeper natural production declines than forecast on some producing wells, increasing operating costs and the deferral of future capital investment, as indicators of impairment. As a result, the Company performed impairments tests at June 30, 2013 and December 31, 2013.

Management estimated the recoverable amount of the El Valle CGU based on the higher of the fair value less costs to sell and its value in use. The estimated value in use amount for the El Valle CGU was based on 25% discounted cash flows expected to be derived from the El Valle CGU's proved plus probable reserves based on the externally prepared December 31, 2013 reserve report. The December 31, 2013 estimated recoverable amount was $13,803,918 lower than the carrying amount at December 31, 2013 of which $9,043,918 was initially recognized in the quarter ended June 30, 2013 and an additional $4,760,000 was recognized at December 31, 2013. Of the total impairment recognized in 2013, $11,683,918 was allocated to property and equipment and $2,120,000 was allocated to exploration and evaluation assets.

The following prices were used in the December 31, 2013 impairment test of the El Valle CGU:

Year	Average USD price per barrel
2014	$ 69.50
2015	72.68
2016	74.13
2017	75.61
2018	77.12
2019 and thereafter	2% escalation

17. NET FINANCE EXPENSE:

	2014	2013
Interest income	$ 196,889	$ 189,989
Financing fees and bank charges	(512,741)	(480,877)
Interest on bank debt (Note 10)	(583,244)	(95,125)
Accretion of decommissioning provision (Note 11)	(56,926)	(240,473)
	$ (956,022)	$ (626,486)

18. OTHER INCOME (EXPENSES):

	2014	2013
Continuing operations		
Petroleo Plus Credits (a)	$ 363,539	$ –
VAT recoveries (b)	–	327,962
Special meeting (c)	(422,396)	–
	(58,857)	327,962
Discontinued operations (Note 5)		–
Petroleo Plus Credits (a)	–	5,983,564
	$ (58,857)	$ 6,311,526

(a) 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 ("Petroleo Plus Credits") to offset taxes on oil sold off shore at the market price. Petroleo Plus Credits were transferrable and companies were able to sell their credits to other domestic oil exporters. The Company recognized revenue from the sale of its Petroleo Plus Credits when proceeds were received.

(b) 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 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. VAT recoveries represent the recovery of amounts previously estimated as unrecoverable.

(c) Special meeting

During 2014, the Company incurred $422,396 of expenses in response to actions by a dissident shareholder, which resulted in the preparation of various documents in advance of the special meeting of shareholders held on February 24, 2015.

19. TAXES:

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

		2014		2013
Canadian statutory rate		25%		25%
Current tax reduction at statutory rates	$	(3,858,900)	$	(3,747,816)
Share-based payments		146,750		251,644
Non-taxable items and other		(1,542,033)		(1,209,610)
Effect of tax rate differences		(1,804,149)		(1,472,893)
Effect of loss expiries		94,321		386,246
Foreign exchange [(1)]		706,124		3,670,646
Change in unrecognized deferred tax assets		6,257,887		2,121,783
	$	–	$	–

(1) Foreign exchange for the year ended December 31, 2013 primarily relates to the tax effect of the change in functional currency as disclosed in Note 2(c).

The statutory tax rate was unchanged in the years ended December 31, 2014 and 2013.

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

		2014		2013
Property and equipment and E&E assets	$	(2,082,703)	$	(1,172,404)
Non-capital loss carry forwards		2,082,703		1,172,404
	$	–	$	–

Unrecognized deferred tax assets

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:

		2014		2013
Property and equipment and E&E assets	$	5,238,160	$	605,992
Decommissioning obligation		2,192,014		2,359,916
Non-capital loss carry forwards		17,550,227		16,376,265
Share issue costs		872,392		1,533,716
Foreign exchange and other		3004,452		6,631,471
	$	28,857,245	$	27,507,360

As at December 31, 2014, the Company has approximately $12.7 million and $10.8 million (2013 – $11.1 million and $8.8 million) of non-capital losses in Canada and Argentina, respectively, available to reduce taxable income. The Canadian non-capital losses expire at various times between 2016 and 2035. Argentina non-capital losses have a five-year life and expire between 2015 and 2020.

The Company has temporary differences associated with its investments in its foreign subsidiaries. At December 31, 2014 and 2013, the Company has no deferred tax liabilities in respect of these temporary differences.

20. SUPPLEMENTAL CASH FLOW INFORMATION:

(a) Change in non-cash working capital items for the years ended December 31, 2014 and 2013 are as follows:

		2014		2013
Trade and other receivables	$	485,058	$	586,359
Inventory		(74,763)		552,490
Prepaid expenses		702,006		(562,815)
Trade and other payables		1,233,906		(1,118,771)
Effect of change in exchange rates		32,128		11,400
	$	2,378,335	$	(531,337)
Attributable to:				
Operating activities	$	1,349,359	$	(168,441)
Investing activities		1,028,976		(362,896)
	$	2,378,335	$	(531,337)

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

		2014		2013
Cash in bank	$	2,128,449	$	8,796,201
Short-term investments		2,525,404		4,579,404
	$	4,653,853	$	13,375,605

(c) During 2014, the Company paid $583,244 (2013 – $95,125) of interest on bank debt (Note 10).

21. 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 $2,165,378 of salaries and benefits for employees and executive management which are included in general and administrative expenses for the year ended December 31, 2014 (2013 –

$3,337,508). In addition, property and equipment includes $244,269 (2013 – $617,604) of capitalized salaries and benefits directly related to the development of D&P assets (Note 7).

(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, 2014, key management personnel included 13 individuals (2013 – 11 individuals) and the related compensation recognized in the consolidated statement of loss and comprehensive loss comprised the following:

		2014		2013
Salaries and benefits	$	984,815	$	1,889,563
Director fees		171,812		131,794
Share-based compensation		473,556		847,329
	$	1,630,183	$	2,868,686

22. 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 shareholders' equity, working capital and bank debt. 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. In order 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.

Antrim Argentina is subject to financial covenants on its bank debt (Note 10) and the Company has provided deposits of $1.6 million and $1.7 million in respect of security against the bank debt which must remain in place until the related loans are repaid in full, on or before December 8, 2016 and October 16, 2015, respectively.

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, interest-bearing bonds included in other non-current assets and the deposit.

Cash and cash equivalents are held with highly rated Canadian and international banks. Therefore, the Company does not believe these financial instruments are subject to material credit risk.

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 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.

The Company's trade and other receivables consist of:

	2014	2013
Due from international oil and gas company	$ –	$ 1,169,172
Due from other Argentine companies	3,078,914	2,952,155
Other receivables	410,231	237,593
Impairment (Note 16)	(247,000)	(592,589)
Total trade and other receivables	$ 3,242,145	$ 3,766,331

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

	2014	2013
Not past due (less than 90 days)	$ 2,973,977	$ 3,275,578
Past due (more than 90 days)	268,168	490,753
Total trade and other receivables	$ 3,242,145	$ 3,766,331

Interest-bearing bonds are due from a national trust created by the Argentine government for which quarterly repayment commenced on schedule in January 2011. The Company does not believe these bonds are subject to material credit risk.

Long-term receivables (Note 8) primarily relate to Minimum Presumptive Income Tax which will be applied against future taxable income of Antrim Argentina and therefore the Company does not believe these receivables are subject to material credit risk.

(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 of December 31, 2014 the Company has working capital of $2,575,201 which includes $8,312,557 of financial liabilities with a contractual maturity of less than one year. The Company also has $1,451,658 of financial liabilities with a contractual maturity of December 4, 2016. Subsequent to December 31, 2014, the Company received $8,508,574 of proceeds for the Second Tranche of the Strategic Financing and repaid $1,713,625 of bank debt (see Note 12(b)) and Note 24).

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.

The Company may need to seek a combination of debt, equity and/or asset divestitures to meet its operational requirements.

(d) Market risk

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

(i) Commodity price risk

Price fluctuations for both crude oil and natural gas are determined by world supply and demand factors. The Company has no influence over the pricing of oil and natural gas and has not attempted to mitigate

commodity price risk through the use of financial derivatives. Currently all of the Company's oil and gas revenue is from Argentina.

(ii) Interest rate risk

The Company is exposed to interest rate fluctuations on its investments of excess cash in short-term money market investments held with international banks. Assuming all other variables remain constant, a 1% change in the interest rate applicable to the Company's cash and cash equivalents would result in a $25,300 change to net loss for the year ended December 31, 2014 (2013 – $45,800). The Company's bank debt is at a fixed rate of interest.

(iii) 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 December 31, 2014	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash and cash equivalents	$ 788,826	$ 16,575,469	$ 2,638,851
Trade and other receivables	$ 40,577	$ 3,462,201	$ 444,139
Interest-bearing bonds	$ –	$ 1,350,224	$ 159,569
Trade and other payables	$ (733,736)	$ (21,717,012)	$ (3,199,017)
Bank debt	$ –	$ (40,183,333)	$ (4,748,908)

As at December 31, 2013	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash and cash equivalents	$ 5,204,441	$ 54,866,243	$ 13,287,600
Trade and other receivables	$ 110,638	$ 1,667,062	$ 359,329
Interest-bearing bonds	$ –	$ 1,800,299	$ 276,346
Trade and other payables	$ (361,643)	$ (13,967,698)	$ (2,482,141)
Bank debt	$ –	$ (26,800,000)	$ (4,113,800)

(iv) Currency devaluation

Currency devaluation in Argentina impacts the cost of ARS denominated items which are translated to the USD functional currency of the Argentine subsidiaries. Approximately 50% of TDF operating costs and 50% of general and administrative expenses incurred in Argentina are denominated in ARS. During 2014, the devaluation of ARS resulted in lower TDF operating costs and general and administrative expenses incurred in Argentina by approximately 11% (2013 – 6% during the period following the change in functional currency of the Argentine subsidiaries (Note 2(c)).

During 2014, the devaluation of ARS resulted in a reduction in the USD equivalent of ARS denominated foreign currency denominated financial instruments, excluding bank debt, by approximately $800,000 (2013 – $1,094,000).

During 2014, the devaluation of ARS resulted in a reduction in the USD equivalent of ARS denominated bank debt by $938,620 (2013 – $372,520) (Note 10).

(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, 2014 and 2013:

Market risk	Change in exchange rates	Year ended December 31 2014	Year ended December 31 2013
Foreign exchange - effect of strengthening USD:			
CAD denominated financial assets and liabilities	5%	$ 4,100	$ 231,600
ARS denominated financial assets and liabilities	5%	$ 239,400	$ 134,800

23. COMMITMENTS AND CONTINGENCIES:

(a) Leased premises

- The Company is committed to future payments for Canadian office rental and a proportionate share of operating costs in the amount of CAD $24,817 ($21,392) per month from January 1, 2015 until October 31, 2017 and CAD $25,426 ($21,917) from November 1, 2017 to October 31, 2019.
- The Company has expected future payments for Buenos Aires office rental in the amount of $12,000 per month from January 1, 2015 to March 31, 2015, $12,600 per month from April 1, 2015 to March 31, 2016 and $13,230 per month from April 1, 2016 to March 31, 2017. The Company has the option to cancel the rental agreement at any time for a penalty of one month rent cost.

(b) TDF Concessions

The Company has a 25.78% working interest in the TDF area of Argentina covering approximately 489,000 acres (126,000 net acres) in the Austral Basin and includes the Las Violetas, La Angostura and Rio Cullen Exploitation Concessions. The Company's share of expenditure commitments with respect to the concessions are as follows:

Concession	Term of Expenditure Period	Required Expenditure Commitment
Las Violetas	Over the remaining life of the concession which expires in August 2026	A minimum of $12.1 million of exploration and development investment of which $4.4 million of development investment remains
Rio Cullen	Until December 31, 2015	A minimum of $0.85 million of exploration investment including seismic and drilling[1]
La Angostura	Until December 31, 2015	A minimum of $0.98 million of exploration investment including seismic and drilling[1]

[1] After fulfillment of the exploration commitments, the Corporation has the option to extend the concession by making a cash payment plus an investment commitment for exploration and development work, both of which are on a sliding scale based on proved plus probable reserves range of between zero and greater than 18 million BOE. The cash payment is a minimum of $32,500 to a maximum of $1.29 million (net to the Company's interest) and the investment commitment is a minimum of $0.46 million to a maximum of $9.28 million (net to the Company's interest).

(c) Cerro De Los Leones Concession

The Company owns 100% of the Cerro De Los Leones Concession. The Company has the following work commitments with respect to the concession as at the end of the 2014 periods, as recently amended:

Period	Term of Exploration Period	Required Work Commitment
Period 1	3 years commencing May 21, 2012 [1]	A minimum of approximately $9.14 million in expenditures [2][3]
Period 2	2 years commencing May 21, 2015 [1]	A minimum of approximately $0.75 million [2][3] in expenditures plus a minimum of 1 exploration well at an estimated cost of $2.5 million
Period 3	1 year commencing upon expiry of Period 2	1 exploration well at an estimated cost of $2.5 million

(1) Effective April 27, 2015, the Company entered into an agreement (the "Agreement") with the Province of Mendoza government to transfer unused work units from Period 1 to Period 2 and thus extend the concession to May 2017 with an option to extend Period 2, at the Company's request, for one additional year to May 2018.

(2) The required work commitments are expressed as work units in the Permit. Each work unit has an approximate dollar value of $5,000, however, other factors may be considered when determining whether work units have been satisfied.

(3) As at December 31, 2014, the Company had approximately US$5.04 million of expenditures remaining (1,009 work units x US$5,000 per unit). Pursuant to the Agreement, the Company will, effective May 22, 2015, relinquish certain acreage which has been either sterilized because of environmental considerations or restricted/prohibited access due to the presence of the European Space Agency's Deep Space 3 antenna on the Permit or deemed non-prospective by the Company. The relinquishments will reduce the acreage of the Permit to approximately 100,907 acres and the remaining work units to approximately 780, thereby reducing the remaining Period 1 expenditure commitment to $3.9 million which will then be transferred to Period 2. As a result, Period 2 commitments will increase from $750,000 to $4.6 million plus one exploration well which must be incurred by May 2017 or, at the Company's request, May 2018. Should the Company fail to complete its work commitments within the specified time period, it must surrender the concession lands.

(d) Laguna de Piedra Concession

Although the Company has no current plans to develop its 100% interest in the Laguna de Piedra Concession, the Company will have the following work commitments in the event that the necessary environmental work permits are received:

Term of Exploration Period	Required Work Commitment
(1) 2 years commencing the upon the receipt of environmental permits	A minimum of approximately $2.85 million in expenditures including 1 exploration well
(2) 1 year commencing upon expiry of preceding term	A minimum of approximately $1.75 million in expenditures including 1 exploration well

24. SUBSEQUENT EVENTS:

(a) In March and April 2015, the Company completed the $8,508,574 Second Tranche of its aggregate $15 million Strategic Financing through the issuance of 34,034,296 common shares to the Strategic Investors an issue price of $0.25 (CAD$0.32) per share for gross proceeds of $8,508,574.

The proceeds were received through the payment of ARS 7.0 million based on the USD to ARS exchange rate of Banco de la Nación Argentina at the close of business on February 26, 2015, being $1.00 = ARS 8.721, ARS 16.48 million based on the USD to ARS exchange rate of Banco de la Nación Argentina at the close of business on March 18, 2015, being $1.00 = ARS 8.791 and ARS 51.6 million based on the USD to ARS exchange rate of Banco de la Nación Argentina at the close of business on April 9, 2015, being $1.00 = ARS 8.845.

(b) In April 2015, the Company repaid the entire ARS 14,500,000 outstanding under the second loan facility with HSBC Argentina. See Note 10(b).

(c) Effective April 27, 2015, the Company signed an agreement with the Province of Mendoza to amend the terms governing the Company's 100% interest in the Cerro de Los Leones concession. See Note 23(c).

25. 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	
December 31, 2014	$	$	$	$	$	$	$
Exploration and evaluation assets	-	-	14,828,994	-	-	14,828,994	14,828,994
Property and equipment	323,359	28,472,761	-	-	267,104	28,739,865	29,063,224
Total assets	6,371,642	31,783,862	14,828,994	-	4,584,814	51,197,670	57,569,312
Total liabilities	(632,480)	(9,129,628)	(546,525)	-	(1,565,006)	(11,241,159)	(11,873,639)
Year ended December 31, 2014							
Revenue [3]	196,889	13,793,035	-	1,661,944	-	15,454,979	15,651,868
Petroleo Plus Credits	-	363,539	-	-	-	363,539	363,539
Impairment	-	101,000	507,722	-	-	608,722	608,722
Net income (loss) from continuing operations	(3,285,132)	1,591,107	-	-	(5,295,317)	(3,704,210)	(6,989,342)
Net loss from discontinued operations	-	-	-	(8,446,258)	-	(8,446,258)	(8,446,258)
Net income (loss)	(3,285,132)	1,591,107	-	(8,446,258)	(5,295,317)	(12,150,468)	(15,435,600)

	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)
Year ended December 31, 2013							
Revenue [3]	189,989	15,686,650	-	6,029,997	-	21,716,647	21,906,636
Petroleo Plus Credits	-	-	-	5,983,564	-	5,983,564	5,983,564
Impairment	-	146,000	331,777	14,250,507	-	14,728,284	14,728,284
Net income (loss) from continuing operations	(4,270,550)	2,208,791	(331,777)	-	(3,930,867)	(2,053,853)	(6,324,403)
Net loss from discontinued operations	-	-	-	(8,666,858)	-	(8,666,858)	(8,666,858)
Net income (loss)	(4,270,550)	2,208,791	(331,777)	(8,666,858)	(3,930,867)	(10,720,711)	(14,991,261)

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