

CROWN POINT ENERGY INC.
Condensed Interim Consolidated Financial Statements

For the three and the six months ended June 30, 2017
(Unaudited)

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(United States Dollars)

As at	June 30 2017	December 31 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 371,754	\$ 521,185
Trade and other receivables (Note 4)	2,926,096	2,434,057
Inventory	73,254	305,028
Prepaid expenses	665,102	779,018
Deposits (Note 9)	585,000	595,000
	<u>4,621,206</u>	<u>4,634,288</u>
Exploration and evaluation assets (Note 5)	8,419,688	6,336,658
Property and equipment (Note 6)	23,220,427	26,442,251
Other non-current assets (Note 7)	1,047,336	910,006
Deposits (Note 9)	345,000	700,000
	<u>\$ 37,653,657</u>	<u>\$ 39,023,203</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade and other payables	\$ 2,319,342	\$ 2,308,536
Current portion of bank debt (Note 9)	2,616,980	1,948,878
Current portion of decommissioning provision (Note 10)	182,979	182,195
	<u>5,119,301</u>	<u>4,439,609</u>
Bank debt (Note 9)	119,234	427,761
Decommissioning provision (Note 10)	3,883,452	3,818,155
Deferred tax liability (Note 14)	1,592,000	1,784,000
	<u>10,713,987</u>	<u>10,469,525</u>
Shareholders' equity:		
Share capital	116,003,355	116,003,355
Contributed surplus	6,887,166	6,887,166
Accumulated other comprehensive loss	(18,036,819)	(18,028,606)
Deficit	(77,914,032)	(76,308,237)
	<u>26,939,670</u>	<u>28,553,678</u>
	<u>\$ 37,653,657</u>	<u>\$ 39,023,203</u>

Reporting entity and going concern (Note 1)
Commitments (Note 19)
Subsequent events (Note 20)

See accompanying notes to condensed interim consolidated financial statements.

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

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Revenue				
Oil and gas	\$ 4,009,250	\$ 3,778,045	\$ 6,782,424	\$ 7,454,394
Royalties	(717,877)	(663,882)	(1,228,486)	(1,346,503)
	3,291,373	3,114,163	5,553,938	6,107,891
Expenses				
Operating	1,494,776	1,274,911	2,711,119	2,668,738
General and administrative	727,888	858,329	1,392,598	1,535,320
Depletion and depreciation	1,559,511	1,749,139	2,894,874	3,470,092
Share-based payments	-	17,707	-	30,226
Foreign exchange loss (gain)	9,548	2,116	14,161	(122,618)
	3,791,723	3,902,202	7,012,752	7,581,758
Results from operating activities	(500,350)	(788,039)	(1,458,814)	(1,473,867)
Net finance expense (Note 12)	(221,988)	(225,308)	(403,658)	(439,034)
Other income (Note 13)	-	-	64,677	38,776
Loss before taxes	(722,338)	(1,013,347)	(1,797,795)	(1,874,125)
Deferred tax recovery (expense) (Note 14)	(316,000)	(816,000)	192,000	(1,299,000)
Net loss	(1,038,338)	(1,829,347)	(1,605,795)	(3,173,125)
Exchange differences on translation of the Canadian parent company	(10,417)	11,702	(8,213)	136,654
Comprehensive loss	\$ (1,048,755)	\$ (1,817,645)	\$ (1,614,008)	\$ (3,036,471)
Net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average shares outstanding - basic and diluted (Note 15)	164,515,222	164,515,222	164,515,222	164,515,222

See accompanying notes to condensed interim consolidated financial statements.

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

For the six months ended June 30	2017	2016
Share capital		
Balance, January 1 and June 30	\$ 116,003,355	\$ 116,003,355
Contributed surplus		
Balance, January 1	6,887,166	6,854,813
Share-based payments	-	32,353
Balance, June 30	6,887,166	6,887,166
Accumulated other comprehensive loss		
Balance, January 1	(18,028,606)	(18,122,491)
Exchange differences on translation of Canadian parent company	(8,213)	136,654
Balance, June 30	(18,036,819)	(17,985,837)
Deficit		
Balance, January 1	(76,308,237)	(66,565,586)
Net loss	(1,605,795)	(3,173,125)
Balance, June 30	(77,914,032)	(69,738,711)
Total shareholders' equity	\$ 26,939,670	\$ 35,165,973

See accompanying notes to condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN CASH FLOWS

(Unaudited)
(United States Dollars)

For the six months ended June 30	2017	2016
Operating:		
Net loss	\$ (1,605,795)	\$ (3,173,125)
Items not affecting cash:		
Depletion and depreciation	2,894,874	3,470,092
Share-based payments	-	30,226
Unrealized foreign exchange gain	(109,346)	(156,012)
Accretion of decommissioning provision (Note 10)	45,736	32,844
Finance expense (Note 12)	223,042	277,238
Other income (Note 13)	(9,264)	(38,776)
Deferred tax (recovery) expense	(192,000)	1,299,000
	1,247,247	1,741,487
Decommissioning expenditures (Note 10)	(25,119)	-
Change in non-cash working capital (Note 16)	(414,050)	(295,515)
Operating cash flows	808,078	1,445,972
Financing:		
Bank debt proceeds	778,336	709,300
Bank debt repayment	(302,418)	(468,557)
Proceeds from return of deposits	365,000	120,000
Interest expense (Note 12)	(223,042)	(273,767)
Financing cash flows	617,876	86,976
Investing:		
Proceeds from the sale of short-term bonds	-	304,201
Exploration and evaluation - expenditures	(2,042,584)	(710,043)
Property and equipment - expenditures	(372,746)	(766,322)
Property and equipment - VAT recoveries	780,054	930,350
Property and equipment - proceeds from disposition	19,734	-
Change in other non-current assets	(184,269)	(216,393)
Change in non-cash working capital (Note 16)	181,842	(1,515,013)
Investing cash flows	(1,617,969)	(1,973,220)
Change in cash and cash equivalents	(192,015)	(440,272)
Foreign exchange effect on cash held in foreign currencies	42,584	74,729
Cash and cash equivalents, January 1	521,185	1,053,847
Cash and cash equivalents, June 30	\$ 371,754	\$ 688,304
Cash and cash equivalents are comprised of:		
Cash in bank	\$ 371,754	\$ 679,590
Short-term investments	-	8,714
	\$ 371,754	\$ 688,304

See accompanying notes to condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

1. REPORTING ENTITY AND GOING CONCERN:

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

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

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 six months ended June 30, 2017, the Company incurred a net loss of approximately \$1.6 million. As at June 30, 2017, the Company has working capital deficit of approximately \$0.5 million and significant future capital commitments (Note 19) to develop its properties.

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:

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, including International Accounting Standard 34 – Interim Financial Reporting. The Company has consistently applied the same accounting policies throughout all periods presented (see Note 3). These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2016.

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

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 17, 2017.

3. CHANGES IN ACCOUNTING STANDARDS:

On January 1, 2017, the Company adopted amendments to *IAS 7 Statement of Cash Flows*. The adoption of these amendments had no impact on the amounts recorded in the condensed interim consolidated financial statements for the three and six months ended June 30, 2017.

4. TRADE AND OTHER RECEIVABLES:

The Company’s trade and other receivables consist of:

	June 30 2017	December 31 2016
Due from Argentine companies	\$ 3,117,960	\$ 2,627,711
Other receivables	57,940	56,150
Impairment	(249,804)	(249,804)
Total trade and other receivables	\$ 2,926,096	\$ 2,434,057

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

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

	June 30 2017	December 31 2016
Not past due (less than 90 days)	\$ 2,883,141	\$ 2,385,514
Past due (more than 90 days)	42,955	48,543
Total trade and other receivables	\$ 2,926,096	\$ 2,434,057

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

Carrying amount, December 31, 2016	\$ 6,336,658
Additions	2,042,584
Decommissioning additions (Note 10)	40,446
Carrying amount, June 30, 2017	\$ 8,419,688

Capitalized amounts:

The amounts capitalized as exploration and evaluation assets in Argentina during the six months ended June 30, 2017 include \$nil of general and administrative costs and \$nil of share-based compensation (six months ended June 30, 2016 – \$128,731 and \$1,379 respectively).

6. PROPERTY AND EQUIPMENT:

	Argentina		Canada	
	Development and Production Assets	Other Assets	Other Assets	Total
Cost:	\$	\$	\$	\$
Balance at December 31, 2016	50,283,118	661,656	261,518	51,206,292
Additions	323,050	49,696	–	372,746
VAT recoveries	(780,054)	–	–	(780,054)
Disposition (Note 13(b))	–	(298,135)	–	(298,135)
Decommissioning revisions (Note 10)	5,018	–	–	5,018
Effect of change in exchange rates	–	–	8,777	8,777
Balance at June 30, 2017	49,831,132	413,217	270,295	50,514,644
Accumulated depletion and depreciation:				
Balance at December 31, 2016	23,972,120	537,428	254,493	24,764,041
Depletion and depreciation	2,772,241	35,952	1,078	2,809,271
Disposition (Note 13(b))	–	(287,665)	–	(287,665)
Effect of change in exchange rates	–	–	8,570	8,570
Balance at June 30, 2017	26,744,361	285,715	264,141	27,294,217
Net carrying amount:				
At December 31, 2016	26,310,998	124,228	7,025	26,442,251
At June 30, 2017	23,086,771	127,502	6,154	23,220,427

Capitalized amounts:

The amounts capitalized as D&P assets in Argentina during the six months ended June 30, 2017 include \$nil of general and administrative costs and \$nil of share-based compensation (six months ended June 30, 2016 – \$115,905 and \$748, respectively).

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

Future development costs:

The June 30, 2017 depletion expense calculation included \$22.3 million (December 31, 2016 – \$22.6 million) for estimated future development costs associated with proved and probable reserves in Argentina.

7. OTHER NON-CURRENT ASSETS:

	June 30 2017	December 31 2016
Interest-bearing bonds	\$ 43,802	\$ 72,522
Long-term receivables	1,033,779	881,397
	1,077,581	953,919
Current portion of interest-bearing bonds included in trade and other receivables	(30,245)	(43,913)
Total non-current assets	\$ 1,047,336	\$ 910,006

8. VALUE ADDED TAX:

	June 30 2017	December 31 2016
Included in prepaid expenses	\$ 60,361	\$ 64,303
Included in E&E assets (Note 5)	1,863,581	1,517,404
Included in property and equipment (Note 6)	696,054	1,476,108
	\$ 2,619,996	\$ 3,057,815

9. BANK DEBT:

	June 30 2017	December 31 2016
Loan facility (a)	\$ 691,560	\$ 1,031,661
Loan facility (b)	421,715	444,978
Loan facility (c)	900,000	900,000
Loan facility (d)	722,939	–
	2,736,214	2,376,639
Current portion of bank debt	(2,616,980)	(1,948,878)
Long-term portion of bank debt	\$ 119,234	\$ 427,761

(a) The Company has an ARS denominated loan facility with HSBC Argentina which bears interest at 19%, calculated and paid monthly commencing on the date the amounts are drawn.

On July 17, 2015, the Company drew ARS 9,500,000 (\$1,038,512) of proceeds under the loan facility obtained with HSBC Argentina on June 30, 2015, at which time the Company provided the lender security in the form of a \$350,000 US denominated letter of credit held as a GIC with a major Canadian financial institution. The loan principal is repayable in 24 monthly installments commencing August 17, 2016.

On October 23, 2015, the Company drew an additional ARS 9,500,000 (\$997,941) of proceeds under this loan facility, at which time the Company provided the lender security in the form of a USD denominated \$350,000 letter of credit held as a GIC with a major Canadian financial institution. The ARS 9,500,000 loan principal is repayable in 24 monthly installments commencing November 23, 2016.

CROWN POINT ENERGY INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

As at June 30, 2017, the balance owing under this loan facility was ARS 11,479,166 (\$691,560) (December 31, 2016 – ARS 16,229,167 (\$1,031,661)).

In April 2017, \$250,000 of the USD denominated letters of credit was released to the Company, leaving an aggregate balance of \$450,000 in USD denominated letters of credit remaining as of June 30, 2017.

In July 2017, an additional \$105,000 of the USD denominated letters of credit was released to the Company (Note 20(a)).

- (b) As at December 31, 2016, the Company had an ARS 7,000,000 (\$444,978) loan facility with HSBC Argentina secured by a \$480,000 USD denominated letter of credit held as a GIC with a major Canadian financial institution, at an interest rate of 25.5% per annum, calculated and paid monthly commencing on December 5, 2016 and repayable in one installment on March 5, 2017. On March 6, 2017, the Company renewed the loan facility at an interest rate of 25% per annum, calculated and paid monthly commencing on March 6, 2017 and repayable in one installment on June 6, 2017. On June 6, 2017, the Company renewed the loan facility at an interest rate of 26%, per annum, calculated and paid monthly commencing on June 6, 2017 and repayable in one installment on August 4, 2017.

As at June 30, 2017, the balance owing under this loan facility was ARS 7,000,000 (\$421,715).

On July 20, 2017, the Company repaid the ARS 7,000,000 loan facility and in August 2017, the \$480,000 USD denominated letter of credit was released to the Company (Note 20(e)).

- (c) On December 26, 2016, the Company obtained a \$900,000 loan facility with Banco Industrial. The loan is denominated in USD, unsecured, bears interest at 9.5%, calculated and paid monthly commencing on January 26, 2017 and is repayable in one installment on December 26, 2017.
- (d) On April 28, 2017, the Company obtained an ARS 12,000,000 (\$778,800) unsecured loan facility with Banco Columbia repayable in one installment on October 25, 2017. The loan bears an annual interest rate of 31.5%, calculated and paid at maturity.

As at June 30, 2017, the balance owing under this loan facility was ARS 12,000,000 (\$722,939).

10. DECOMMISSIONING PROVISION:

A reconciliation of the decommissioning provision is provided below:

Balance, December 31, 2016	\$	4,000,350
Accretion		45,736
Additions		40,446
Expenditures		(25,119)
Change in estimates		5,018
Balance, June 30, 2017		4,066,431
Current portion of decommissioning provision		(182,979)
Long-term portion of decommissioning provision	\$	3,883,452

CROWN POINT ENERGY INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

11. SHARE-BASED PAYMENTS:

Stock option activity for the six months ended June 30, 2017 is summarized as follows:

	Number of options	Weighted average exercise price (CAD)
Balance, December 31, 2016	3,645,000	\$ 0.61
Expired	(1,917,500)	(0.68)
Balance, June 30, 2017	1,727,500	\$ 0.53
Balance exercisable, June 30, 2017	1,727,500	\$ 0.53

Stock options outstanding and exercisable at June 30, 2017 are as follows:

Expiry date	Weighted Average Exercise Price (CAD)	Outstanding	Exercisable
July 29, 2017	\$ 0.87	50,000	50,000
August 1, 2017	0.40	45,000	45,000
January 31, 2018	0.37	1,020,000	1,020,000
May 1, 2018	0.26	100,000	100,000
May 9, 2019	0.87	512,500	512,500
	\$ 0.53	1,727,500	1,727,500

12. NET FINANCE EXPENSE:

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Interest income	\$ 5,550	\$ 10,600	\$ 17,409	\$ 21,240
Fair value adjustment on short-term bonds	–	–	–	(3,471)
Financing fees and bank charges	(76,078)	(71,038)	(152,289)	(150,192)
Interest on bank debt (Note 9)	(128,274)	(148,405)	(223,042)	(273,767)
Accretion of decommissioning provision (Note 10)	(23,186)	(16,465)	(45,736)	(32,844)
	\$ (221,988)	\$ (225,308)	\$ (403,658)	\$ (439,034)

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

13. OTHER INCOME (EXPENSES):

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Oil Incentive Program (a)	\$ –	\$ –	\$ 55,413	\$ –
Gain on disposition of property and equipment	–	–	9,264	–
Recovery of impaired receivable	–	–	–	38,776
	\$ –	\$ –	\$ 64,677	\$ 38,776

(a) In February 2015, the Government of Argentina announced a new oil incentive program (the “Oil Incentive Program”) under Resolution 14/2015 which replaces the Petr leo Plus Program. Under the Oil Incentive Program, companies that increase or maintain production at 95% of fourth quarter 2014 volumes are eligible for a \$3.00 per barrel bonus payment on a formula-derived quantity of production. The Oil Incentive Program was in effect from January 1, 2015 to December 31, 2015. The Company recognizes Oil Incentive Program income when proceeds are received due to uncertainty of the timing of collection. During the six months ended June 30, 2017, the Company collected \$55,413 of Oil Incentive bonus payments in respect of third and fourth quarter 2015 production volumes.

14. DEFERRED TAX

As at June 30, 2017, the Company’s deferred tax liability was \$1,592,000 (December 31, 2016 – \$1,784,000) following the recognition of a \$192,000 deferred tax recovery during the six months ended June 30, 2017 (six months ended June 30, 2016 – \$1,299,000 deferred tax expense) in the consolidated statement of loss and comprehensive loss. The deferred tax recovery is related to an increase in the Company’s ARS denominated tax pools which was partially offset by the effect of the devaluation of the ARS during the six months ended June 30, 2017 (Note 18(b)) on the translation of ARS denominated tax pools to USD.

15. PER SHARE AMOUNTS:

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Net loss	\$ (1,038,338)	\$ (1,829,347)	\$ (1,605,795)	\$ (3,173,125)
Opening number of shares	164,515,222	164,515,222	164,515,222	164,515,222
Effect of shares issued	–	–	–	–
Basic and diluted weighted average number of shares	164,515,222	164,515,222	164,515,222	164,515,222
Basic and diluted net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

For the three and six months ended June 30, 2017 and 2016, all stock options were excluded from the diluted per share amounts as their effect was anti-dilutive.

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

16. SUPPLEMENTAL CASH FLOW INFORMATION:

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

For the six months ended June 30	2017	2016
Trade and other receivables	\$ (492,039)	\$ (826,106)
Inventory	146,171	258,709
Prepaid expenses	113,916	91,286
Trade and other payables	10,806	(1,322,395)
Effect of change in exchange rates	(11,062)	(12,022)
	\$ (232,208)	\$ (1,810,528)
Attributable to:		
Operating activities	\$ (414,050)	\$ (295,515)
Investing activities	181,842	(1,515,013)
	\$ (232,208)	\$ (1,810,528)

(b) During the three and six months ended June 30, 2017, the Company paid \$128,274 and \$223,042, respectively (three and six months ended June 30, 2016 – \$148,405 and \$273,767) of interest expense on bank debt (Note 9 and 12).

17. RELATED PARTY TRANSACTION:

During the three and six months ended June 30, 2017, the Tierra del Fuego UTE (of which the Company is a member) sold a portion of natural gas production to Energía y Soluciones S.A., a company controlled by Gabriel Obrador, who is a director of the Company and the majority shareholder of GORC S.A., a shareholder of the Company until August 2017, for which the Company recognized \$82,106 (ARS 1,885,475) and \$199,973 (ARS 3,719,760) (three and six months ended June 30, 2016 \$38,560 (ARS 554,749) and \$163,680 (ARS 2,385,069), respectively, of oil and gas revenue for its working interest share. Included in trade and other receivables as at June 30, 2017 is \$46,768 (ARS 773,107) (December 31, 2016 – \$96,419 (ARS 1,516,737)) in respect of this revenue.

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

18. 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.

(a) Foreign currency denominated financial instruments held by the Company:

As at June 30, 2017	Balance denominated in		Total USD
	CAD	ARS	equivalents
Cash and cash equivalents	\$ 5,003	\$ 5,595,917	\$ 341,045
Trade and other receivables	\$ 5,188	\$ 12,069,180	\$ 731,100
Interest-bearing bonds	\$ –	\$ 225,037	\$ 13,557
Trade and other payables	\$ (535,285)	\$ (24,947,713)	\$ (1,915,036)
Bank debt	\$ –	\$ (30,479,166)	\$ (1,836,214)

CROWN POINT ENERGY INC.**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

As at December 31, 2016	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash and cash equivalents	\$ 27,053	\$ 7,557,193	\$ 500,612
Trade and other receivables	\$ 18,314	\$ 14,065,412	\$ 907,756
Interest-bearing bonds	\$ –	\$ 450,074	\$ 28,609
Trade and other payables	\$ (460,795)	\$ (24,596,982)	\$ (1,906,789)
Bank debt	\$ –	\$ (23,229,167)	\$ (1,476,639)

(b) Currency appreciation and devaluation:

Exchange rates as at:	June 30 2017 ⁽¹⁾	December 31 2016 ⁽²⁾
CAD to USD	0.7698	0.7448
ARS to USD	0.0602	0.0636
USD to ARS	16.5989	15.7311

⁽¹⁾ Source Canadian Forex Exchange⁽²⁾ Source Bank of Canada

Currency appreciation and devaluation in Argentina impacts the cost of ARS denominated items which are translated to the USD functional currency of the Argentine subsidiaries. A portion of TDF operating costs and general and administrative expenses incurred in Argentina are denominated in ARS. During the six months ended June 30, 2017, the devaluation of ARS resulted in lower TDF operating costs and general and administrative expenses incurred in Argentina by approximately 3% (six months ended June 30, 2016 – devaluation of ARS; lower by approximately 6%).

During the six months ended June 30, 2017, the devaluation of ARS since the previous year end date resulted in an decrease in the USD equivalent of ARS denominated foreign currency denominated financial instruments, excluding bank debt, by approximately \$16,000 (six months ended June 30, 2016 – devaluation of ARS; reduction by approximately \$56,000).

During the six months ended June 30, 2017, the devaluation of ARS since the previous year end date resulted in a decrease in the USD equivalent of ARS denominated bank debt by \$116,343 (six months ended June 30, 2016 – devaluation of ARS; reduction by approximately \$326,234) (Note 9).

(c) Sensitivity analysis:

The following table presents an estimate of the impact on net loss for the market risk factors discussed above and is calculated based on the noted change in exchange rates applied to balances as at June 30, 2017:

Market risk	Change in exchange rates	Six months ended June 30 2017
Foreign exchange - effect of strengthening USD:		
CAD denominated financial assets and liabilities	5%	\$ 20,210
ARS denominated financial assets and liabilities	5%	\$ 112,990

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

19. COMMITMENTS:

(a) 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:

<u>Concession</u>	<u>Term of Expenditure Period</u>	<u>Required Expenditure Commitment</u>
Las Violetas	Over the remaining life of the concession which expires in August 2026	18 ⁽²⁾ gross wells with a minimum of \$12.1 million of exploration and development investment. As of June 30, 2017, the Company had drilled 15 ⁽²⁾ gross wells and fulfilled the minimum \$12.1 million investment.
Rio Cullen	Until December 31, 2016 ⁽¹⁾	A minimum of \$0.85 million of exploration investment including seismic and drilling, all of which has been spent.
La Angostura	Until December 31, 2016 ⁽¹⁾	A minimum of \$0.98 million of exploration investment including seismic and drilling, all of which has been spent.

⁽¹⁾ The Company has fulfilled the Rio Cullen and La Angostura concession expenditure commitments and exercised the option to extend the term of each concession to August 2026 by making the minimum cash payment to the Province of TDF. For each concession, 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). The investment commitment for exploration and development work will be determined on a sliding scale based on a proved plus probable reserves range discovered during the initial exploration period of between zero and greater than 18 million BOE. The total cash payment and investment commitment have not yet been determined by the Province of TDF and the Company has not yet received formal approval of the concession extensions.

⁽²⁾ The 18 gross well drilling commitment is an aggregate commitment for all three concessions. As at June 30, 2017, the Company had drilled a total of 15 gross wells comprised of 13 gross wells on the Las Violetas concession, 1 gross well on the Rio Cullen concession and 1 gross well on the La Angostura concession.

(b) Cerro De Los Leones Concession

The Cerro de Los Leones Concession Permit (the "Permit") confers upon its holders the exclusive right to explore for hydrocarbons during three successive exploration periods lasting three, two and one year(s), respectively. Fifty percent of the acreage of the Permit shall be relinquished at the end of each of the first two exploration periods or converted into an exploitation concession or evaluation block.

The following provides details of the work commitments required to be completed during each of the exploration periods as recently amended:

<u>Period</u>	<u>Term of Exploration Period</u>	<u>Required Work Commitment ⁽¹⁾</u>
Period 1	Expired	Transferred to Period 2
Period 2	Extended to January 22, 2018 ^{(2) (3)}	A minimum of approximately \$4.6 million in expenditures plus a minimum of 1 exploration well at an estimated cost of \$2.5 million, none of which has been spent as of June 30, 2017
Period 3	1 year commencing upon expiry of Period 2	1 exploration well at an estimated cost of \$2.5 million

⁽¹⁾ 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.

⁽²⁾ On March 21, 2017, the Company received formal approval to extend the Period 2 exploration period which was to expire on May 21, 2017. The Mendoza provincial government formally agreed to extend the deadline to acquire seismic until January 22, 2018 and informally agreed to extend the commitment to drill one exploration well for an unspecified period following the acquisition of seismic.

⁽³⁾ Should the Company fail to complete its work commitments within the specified time period, it must surrender the concession exploration lands and will be obligated to make a payment equal to the value of the Company's outstanding Period 2 work commitments.

CROWN POINT ENERGY INC.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2017

(Unaudited)

(United States dollars)

(c) 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:

<u>Term of Exploration Period</u>	<u>Required Work Commitment</u>
(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

20. SUBSEQUENT EVENTS:

- (a) In July 2017, \$105,000 of the USD denominated letters of credit held as security for the HSBC Argentina loans described in Note 9(a) was released to the Company and the funds were received on August 4, 2017.
- (b) On July 4, 2017, the Company obtained an ARS 6,000,000 (\$0.4 million) unsecured loan facility with Trend Capital S.A. at an interest rate of 35% per annum. The loan was repaid on August 1, 2017. The Company paid ARS 180,118 (\$10,794) of fees and taxes in connection with the loan facility.
- (c) On July 11, 2017, the Company received \$1,646,156 of publicly-traded BONAR 2020 bonds as proceeds for outstanding certificates under the cancelled Petróleo Plus Program. The BONAR 2020 bonds have an 8% coupon rate, are denominated and settled in USD and mature in October 2020.
- (d) On July 13, 2017, the Company sold \$550,000 of BONAR 2020 bonds for net proceeds of \$624,800 to Banco de Servicios y Transacciones S.A. ("BST"). The Company and BST share a common director, Pablo Peralta, who also controls significant shareholdings in both companies.
- (e) On July 20, 2017, the Company repaid the ARS 7,000,000 loan facility with HSBC Argentina as described in Note 9(b). The related \$480,000 USD denominated letter of credit held as loan security was released to the Company in July 2017 and the funds were received on August 4, 2017.
- (f) On August 10, 2017, the Company received ARS 15,768,465 (\$889,341) of cash proceeds under the New Gas Incentive Program related to applications for the period from January 1 to June 30, 2016. The Company recognizes New Gas Incentive Program income when proceeds are received due to uncertainty of the timing of collection.