CROWN POINT ENERGY INC.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2018
(Unaudited)

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

As at		March 31 2018		December 31 2017
Assets				
Current assets:				
Cash and cash equivalents	$	1,979,103	$	720,649
Trade and other receivables (Note 4)		1,682,413		1,490,466
Inventory		1,180,830		1,190,402
Prepaid expenses		1,428,430		1,269,962
Deposits (Note 9)		157,000		215,000
		6,427,776		4,886,479
Exploration and evaluation assets (Note 5)		6,036,233		6,013,387
Property and equipment (Note 6)		21,723,485		23,198,458
Other non-current assets (Note 7)		6,756,161		6,758,046
	$	40,943,655	$	40,856,370
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade and other payables	$	3,790,255	$	3,207,910
Bank debt (Note 9)		216,227		812,208
Current portion of decommissioning provision (Note 10)		181,461		180,708
		4,187,943		4,200,826
Decommissioning provision (Note 10)		3,820,437		3,802,837
Deferred tax liability (Note 15)		2,012,000		2,103,000
		10,020,380		10,106,663
Shareholders’ equity:				
Share capital		119,982,644		119,982,644
Contributed surplus		6,887,166		6,887,166
Accumulated other comprehensive loss		(18,365,812)		(18,266,601)
Deficit		(77,580,723)		(77,853,502)
		30,923,275		30,749,707
	$	40,943,655	$	40,856,370

Reporting entity and going concern (Note 1)
Commitments (Note 20)
Subsequent events (Note 22)

See accompanying notes to condensed interim consolidated financial statements.

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

For the three months ended March 31		2018		2017
Revenue				
Oil and gas (Note 12)	$	5,541,446	$	2,773,174
Royalties		(869,160)		(510,609)
		4,672,286		2,262,565
Expenses				
Operating		1,613,482		1,216,343
General and administrative		508,889		664,710
Depletion and depreciation		1,589,195		1,335,363
Foreign exchange (gain) loss		(73,659)		4,613
		3,637,907		3,221,029
Results from operating activities		1,034,379		(958,464)
Net finance expense (Note 13)		(101,236)		(181,670)
Other (expenses) income (Note 14)		(23,999)		64,677
Income (loss) before taxes		909,144		(1,075,457)
Tax (expense) recovery (Note 15)		(636,365)		508,000
Net income (loss)		272,779		(567,457)
Exchange differences on translation of the Canadian parent company		(99,211)		2,204
Comprehensive income (loss)	$	173,568	$	(565,253)
Net Income (loss) per share	$	0.01	$	(0.03)
Weighted average shares outstanding - basic and diluted (Note 16)		32,903,038		16,451,522

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

For the three months ended March 31	2018	2017
Share capital		
Balance, January 1 and March 31	$ 119,982,644	$ 116,003,355
Contributed surplus		
Balance, January 1 and March 31	6,887,166	6,887,166
Accumulated other comprehensive loss		
Balance, January 1	(18,266,601)	(18,028,606)
Exchange differences on translation of Canadian parent company	(99,211)	2,204
Balance, March 31	(18,365,812)	(18,026,402)
Deficit		
Balance, January 1	(77,853,502)	(76,308,237)
Net income (loss)	272,779	(567,457)
Balance, March 31	(77,580,723)	(76,875,694)
Total shareholders' equity	$ 30,923,275	$ 27,988,425

See accompanying notes to condensed interim consolidated financial statements.

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

For the three months ended March 31		2018		2017
Operating:				
Net income (loss)	$	272,779	$	(567,457)
Items not affecting cash:				
Depletion and depreciation		1,589,195		1,335,363
Unrealized foreign exchange gain		(84,807)		3,071
Finance expense (Note 13)		38,468		117,318
Other income (Note 14)		-		(9,264)
Tax recovery (Note 15)		(91,000)		(508,000)
		1,724,635		371,031
Change in non-cash working capital (Note 17)		314,608		263,093
Operating cash flows		2,039,243		634,124
Financing:				
Bank debt repayment		(581,298)		(151,530)
Proceeds from return of deposits		58,000		115,000
Interest expense (Note 13)		(16,054)		(94,768)
Financing cash flows		(539,352)		(131,298)
Investing:				
Exploration and evaluation - expenditures (Note 5)		(26,907)		(1,534,343)
Property and equipment - expenditures (Note 6)		(130,561)		(54,293)
Property and equipment - VAT recoveries (Note 6)		33,764		402,235
Property and equipment - proceeds from disposition (Note 14)		-		19,734
Change in other non-current assets		1,495		(205,875)
Change in non-cash working capital (Note 17)		(82,317)		881,279
Investing cash flows		(204,526)		(491,263)
Change in cash and cash equivalents		1,295,365		11,563
Foreign exchange effect on cash held in foreign currencies		(36,911)		13,318
Cash and cash equivalents, January 1		720,649		521,185
Cash and cash equivalents, March 31	$	1,979,103	$	546,066

Cash and cash equivalents are comprised of:				
Cash in bank	$	1,965,485	$	546,066
Short-term investments		13,618		-
	$	1,979,103	$	546,066

See accompanying notes to condensed interim consolidated financial statements.

1. REPORTING ENTITY AND GOING CONCERN:

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

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

As at March 31, 2018, Liminar Energía S.A. ("Liminar"), the Company's largest shareholder, owned approximately 50.8% of the Company's issued and outstanding common shares (Note 22(a)).

These condensed interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. During the three months ended March 31, 2018, the Company generated net income of approximately $0.3 million. As at March 31, 2018, the Company has working capital of approximately $2.2 million and significant future capital commitments (Note 20) 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.

The following events are expected to have a significant impact on the future liquidity position of the Company:

- On November 21, 2017, the Company entered into acquisition agreements for the acquisition of all of the issued and outstanding shares of Apco Austral S.A. ("Apco Austral") for $28.4 million of cash consideration plus up to $9 million of contingent royalty payments during a ten-year period commencing on January 1, 2018 (Note 21).
- On April 17, 2018, the Company filed a final prospectus for a rights offering and a commitment letter for debt financing. The Company closed the rights offering on May 23, 2018, pursuant to which the Company issued 40,000,000 common shares at $0.30 per share for gross proceeds of $12 million (Note 22(a)).

2. BASIS OF PRESENTATION:

The unaudited condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, including International Accounting Standard 34 – Interim Financial Reporting.

The Company has consistently applied the same accounting policies throughout all periods presented (see Note 3 for impact of new accounting policies). 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, 2017.

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.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 23, 2018.

3. CHANGES IN ACCOUNTING STANDARDS:

On January 1, 2018, the Company retrospectively adopted IFRS 9 Financial Instruments ("IFRS 9") which includes new requirements for the classification and measurement of financial assets, a new credit loss impairment model and new model to be used for hedge accounting for risk management contracts. The Company does not currently have any risk management contracts. The adoption of IFRS 9 did not have a material impact on the Company's financial statements and management applied the provision matrix practical expedient as part of the adoption of the standard. The additional disclosures required by IFRS 9 are detailed in Note 4.

(United States dollars)

On January 1, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15") using the retrospective method of adoption. The adoption of IFRS 15 did not have a material impact on the Company's unaudited condensed interim consolidated financial statements and as a result, the Company did not apply any practical expedients as part of the adoption of IFRS 15. The additional disclosures required by IFRS 15 are detailed in Note 12.

4. TRADE AND OTHER RECEIVABLES:

The Company's trade and other receivables are exposed to the risk of financial loss if the counterparty fails to meet its contractual obligations. The Company's trade and other receivables include amounts due from the sale of crude oil and natural gas. The majority of the Company's oil production is 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.

Two major purchasers that represent 81% of revenue reported in the three months ended March 31, 2018 comprise $0.8 million of accounts receivable at March 31, 2018 (December 31, 2017 – $1 million).

The Company evaluated the collectability of a receivable due from an Argentine operator in a previous year and recorded a $249,804 allowance for credit losses. The Company has not provided for any additional credit losses in 2018 or 2017.

The Company's maximum exposure to credit risk at March 31, 2018 is in respect of $1,682,413 (December 31, 2017 – $1,490,466) of trade and other receivables. The Company's trade and other receivables consist of:

	March 31 2018	December 31 2017
Due from Argentine companies	$ 1,874,230	$ 1,695,207
Other receivables	57,987	45,063
Allowance for credit losses	(249,804)	(249,804)
Total trade and other receivables	$ 1,682,413	$ 1,490,466

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

	March 31 2018	December 31 2017
Not past due (less than 90 days)	$ 1,649,118	$ 1,407,083
Past due (more than 90 days)	283,099	333,187
	1,932,217	1,740,270
Allowance for credit losses	(249,804)	(249,804)
Total trade and other receivables	$ 1,682,413	$ 1,490,466

(United States dollars)

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

Carrying amount, December 31, 2017	$	6,013,387
Additions		26,907
Decommissioning revision (Note 10)		(4,061)
Carrying amount, March 31, 2018	$	6,036,233

6. PROPERTY AND EQUIPMENT:

	Argentina		Canada	
	Development and Production Assets	Other Assets	Other Assets	Total
Cost:	$	$	$	$
Balance at December 31, 2017	52,804,791	351,493	279,284	53,435,568
Additions	130,426	135	–	130,561
VAT recoveries	(33,764)	–	–	(33,764)
Effect of change in exchange rates	–	–	(6,812)	(6,812)
Balance at March 31, 2018	52,901,453	351,628	272,472	53,525,553
Accumulated depletion and depreciation:				
Balance at December 31, 2017	29,681,865	281,190	274,055	30,237,110
Depletion and depreciation	1,561,915	9,350	385	1,571,650
Effect of change in exchange rates	–	–	(6,692)	(6,692)
Balance at March 31, 2018	31,243,780	290,540	267,748	31,802,068
Net carrying amount:				
At December 31, 2017	23,122,926	70,303	5,229	23,198,458
At March 31, 2018	21,657,673	61,088	4,724	21,723,485

Future development costs:

The March 31, 2018 depletion expense calculation included $26.1 million (December 31, 2017 – $26.2 million) for estimated future development costs associated with proved and probable reserves in Argentina.

7. OTHER NON-CURRENT ASSETS:

		March 31 2018		December 31 2017
Interest-bearing bonds	$	15,731	$	23,833
Long-term receivables		6,161		8,046
Acquisition deposit (a)		6,750,000		6,750,000
		6,771,892		6,781,879
Current portion of interest-bearing bonds included in trade and other receivables		(15,731)		(23,833)
Total non-current assets	$	6,756,161	$	6,758,046

(a) In November 2017, the Company announced that it had entered into agreements (the "Acquisition Agreements" with subsidiaries of Pluspetrol S.A. (collectively, "Pluspetrol") to acquire all of the issued and outstanding shares of Apco Austral S.A. ("Apco Austral") from Pluspetrol (Note 21). The Company paid a $6,750,000 deposit on the acquisition purchase price. The deposit will be non-refundable if the Acquisition Agreements are terminated in certain events, including if the Company does not perform in all material respects all of its obligations under the Acquisition Agreements, including if the Company does not pay the purchase price at closing or if the Company does not receive stock exchange approval to complete the acquisition. Pluspetrol has agreed that the deposit will be refunded to the Company and Pluspetrol will reimburse the Company for its acquisition related expenses if the Acquisition Agreements are terminated in certain events, including if Pluspetrol does not perform in all material respects all of their obligations under the Acquisition Agreements.

(United States dollars)

8. VALUE ADDED TAX:

	March 31 2018	December 31 2017
Included in prepaid expenses	$ 3,092	$ 9,848
Included in E&E assets (Note 5)	1,517,404	1,517,404
Included in property and equipment (Note 6)	917,929	951,693
	$ 2,438,425	$ 2,478,945

9. BANK DEBT:

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

	March 31 2018
Balance, beginning of year	$ 812,208
Repayment	(581,298)
Effect of change in exchange rates	(14,683)
Balance, end of year	$ 216,227

Bank debt as at March 31, 2018 and December 31, 2017 is classified as current and comprised of the following:

	March 31 2018	December 31 2017
Loan facility (a)	$ 216,227	$ 351,172
Loan facility (b)	–	461,036
Total bank debt	$ 216,227	$ 812,208

(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 (December 31, 2017 – $90,500) 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 (December 31, 2016 – $124,500) 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.

In February 2018, $58,000 of USD denominated letters of credit, were released to the Company, leaving an aggregate balance of $157,000 in USD denominated letters of credit remaining as of March 31, 2018.

As at March 31, 2018, the balance owing under this loan facility was ARS 4,354,166 ($216,227) (December 31, 2017 – ARS 6,729,166 ($351,172)), all of which was repaid in April 2018 (Note 22(b)).

(b) 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. On January 19, 2018, the Company repaid the remaining balance ($461,036) of the Banco Industrial loan.

10. DECOMMISSIONING PROVISION:

A reconciliation of the decommissioning provision is provided below:

Balance, December 31, 2017	$	3,983,545
Accretion		22,414
Revision		(4,061)
Balance, March 31, 2018	$	4,001,898
Current portion of decommissioning provision		(181,461)
Long-term portion of decommissioning provision	$	3,820,437

11. SHARE-BASED PAYMENTS:

Stock option activity for the three months ended March 31, 2018 is summarized as follows:

	Number of options	Weighted average exercise price (CAD)
Balance, December 31, 2017	158,250	$ 5.20
Expired	(107,250)	(4.11)
Balance, March 31, 2018	51,000	$ 7.50
Balance exercisable, March 31, 2018	51,000	$ 7.50

Stock options outstanding and exercisable at March 31, 2018 are as follows:

Expiry date	Weighted Average Exercise Price (CAD)	Outstanding	Exercisable
May 1, 2018	$ 2.60	10,000	10,000
May 9, 2019	8.70	41,000	41,000
	$ 7.50	51,000	51,000

12. REVENUE:

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

The Company's revenue was generated entirely in Argentina and the production was sold in Argentina to two major purchasers during the three months ended March 31, 2018 (three months ended March 31, 2017 – five major purchasers). Those two purchasers represented 81% of revenue for the three months ended March 31, 2018 (three months ended March 31, 2017 – 65%) and $0.8 million of accounts receivable at March 31, 2018 (December 31, 2017 – $1 million).

(United States dollars)

The following table represents the Company's petroleum and natural gas revenue disaggregated by revenue source:

For the three months ended March 31		2018		2017
Oil	$	3,482,588	$	423,883
Natural gas liquids		30,203		57,343
Natural gas		2,028,655		2,291,948
	$	5,541,446	$	2,773,174

Pricing for contracts vary depending on the commodity. The transaction price for oil is determined for each shipment from the storage point at Tierra del Fuego to mainland Argentina or abroad and delivery charges are free on board. Natural gas is sold to the Argentine industrial and residential markets. All of the Company's natural gas revenue for the three months ended March 31, 2018 was from sales to the industrial market (three months ended March 31, 2017 – 97% of natural gas revenue was from sales to the industrial market). The transaction price for natural gas sales to the industrial market are negotiated between the Tierra del Fuego ("TDF") UTE (of which the Company is a member) and the customer. The transaction price for natural gas sales to the residential market is set by the Argentine government.

13. NET FINANCE EXPENSE:

For the three months ended March 31		2018		2017
Interest income	$	4,446	$	11,859
Financing fees and bank charges		(67,214)		(76,211)
Interest on bank debt (Note 9)		(16,054)		(94,768)
Accretion of decommissioning provision		(22,414)		(22,550)
	$	(101,236)	$	(181,670)

14. OTHER INCOME (EXPENSES):

For the three months ended March 31		2018		2017
Proposed acquisition transaction costs (Note 21)	$	(23,999)	$	–
Oil Incentive Program (a)		–		55,413
Gain on disposition of property and equipment (b)		–		9,264
	$	(23,999)	$	64,677

(a) Under the Government of Argentina's Oil Incentive Program, companies that increased or maintain production at 95% of fourth quarter 2014 volumes were 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. During the three months ended March 31, 2017, the Company collected $55,413 of Oil Incentive bonus payments in respect of third and fourth quarter 2015 production volumes. The Company recognized Oil Incentive Program income when proceeds were received due to uncertainty of the timing of collection.

(b) During the three months ended March 31, 2017, the Company sold property and equipment with a net carrying amount of $10,470 for proceeds of $19,734 and recognized a $9,264 gain on disposition.

(United States dollars)

15. TAXES

During the three months ended March 31, 2018, the Company recognized $636,365 of tax expense comprised of $727,365 of current tax offset by a $91,000 deferred tax recovery (three months ended March 31, 2017 - $508,000 comprised of a deferred tax recovery). Current tax expense is related to taxable income in Argentina in excess of Crown Point Energía S.A.'s non-capital loss pools available to reduce taxable income. The deferred tax recovery is related to increases/decreases in the Company's ARS denominated tax pools combined with the effect of the devaluation of the ARS during the period on the translation of ARS denominated tax pools to USD.

As at March 31, 2018, the Company's deferred tax liability was $2,012,000 (December 31, 2017 – $2,103,000).

16. PER SHARE AMOUNTS:

For the three months ended March 31		2018		2017
Net income (loss)	$	272,779	$	(567,457)
Opening number of shares		32,903,038		16,451,522
Effect of shares issued		–		–
Basic weighted average number of shares		32,903,038		16,451,522
Basic and diluted net income (loss) per share	$	0.01	$	(0.03)

For the three months ended March 31, 2018 and 2017, all stock options were excluded from the diluted per share amounts as their effect was anti-dilutive.

17. SUPPLEMENTAL CASH FLOW INFORMATION:

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

For the three months ended March 31		2018		2017
Trade and other receivables	$	(191,947)	$	486,691
Inventory		(7,973)		(202,213)
Prepaid expenses		(158,468)		(188,676)
Trade and other payables		582,345		1,051,712
Effect of change in exchange rates		8,334		(3,142)
	$	232,291	$	1,144,372
Attributable to:				
Operating activities	$	314,608	$	263,093
Investing activities		(82,317)		881,279
	$	232,291	$	1,144,372

(b) As at March 31, 2018, the Company held $1,965,485 (December 31, 2017 – $707,430) of cash in Canadian and Argentine banks and $13,618 (December 31, 2017 – $13,219) of short-term deposits.

18. RELATED PARTY TRANSACTION:

During the three months ended March 31, 2018, the UTE 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, for which the Company recognized $28,674 (ARS 573,934) (three months ended March 31, 2017 – $117,867 (ARS 1,834,284)) of oil and gas revenue for its working interest share. Included in trade and other receivables as at March 31, 2018 is $30,740 (ARS 616,631) (December 31, 2017 – $21,435 (ARS 399,786)) in respect of this revenue.

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

19. 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 March 31, 2018	Balance denominated in				Total USD equivalents	
		CAD		ARS		
Cash and cash equivalents	$	435	$	12,180,898	$	605,318
Trade and other receivables	$	11,260	$	6,184,999	$	315,884
Trade and other payables	$	(657,273)	$	(57,562,556)	$	(3,368,591)
Bank debt	$	–	$	(4,354,166)	$	(216,227)

As at December 31, 2017	Balance denominated in				Total USD equivalents	
		CAD		ARS		
Cash and cash equivalents	$	88,024	$	11,858,207	$	688,930
Trade and other receivables	$	16,476	$	4,985,325	$	273,272
Trade and other payables	$	(446,078)	$	(44,848,496)	$	(2,695,301)
Bank debt	$	–	$	(6,726,166)	$	(351,172)

(b) Currency appreciation and devaluation:

Exchange rates [(1)] as at:	March 31 2018	December 31 2017
CAD to USD	0.7760	0.7954
ARS to USD	0.0497	0.0522
USD to ARS	20.1370	19.1620

[(1)] Source Canadian Forex Exchange

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 three months ended March 31, 2018, the devaluation of ARS resulted in lower TDF operating costs and general and administrative expenses incurred in Argentina by approximately 2% (three months ended March 31, 2017 – appreciation of ARS; higher by approximately 1%).

During the three months ended March 31, 2018, the devaluation of ARS since the previous year end date resulted in a decrease in the USD equivalent of ARS denominated foreign currency denominated financial instruments, excluding bank debt, by approximately $84,000 (three months ended March 31, 2017 – appreciation of ARS; increase by approximately $8,000).

During the three months ended March 31, 2018, the devaluation of ARS since the previous year end date resulted in a decrease in the USD equivalent of ARS denominated bank debt by $14,683 (three months ended March 31, 2017 – appreciation of ARS; increase by approximately $33,273) (Note 9).

(United States dollars)

(c) Sensitivity analysis:

The following table presents an estimate of the impact on net loss for the market risk factors discussed above and is calculated based on the noted change in exchange rates applied to balances as at March 31, 2018:

Market risk	Change in exchange rates		Three months ended March 31 2018
Foreign exchange - effect of strengthening USD:			
CAD denominated financial assets and liabilities	5%	$	25,050
ARS denominated financial assets and liabilities	5%	$	108,220

20. 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:

Concession	Term of Expenditure Period	Required Expenditure Commitment
Las Violetas	Until May 1, 2019 (1)	18 (3) gross wells with a minimum of $12.1 million of exploration and development investment. As of December 31, 2017, the Company had drilled 15 (3) gross wells and fulfilled the minimum $12.1 million investment.
Rio Cullen	Pending (2)	Pending (2)
La Angostura	Pending (2)	Pending (2)

(1) The Las Violetas concession term expires in August 2026, The Company was granted the concession term extension in July 2013 with an expenditure period of four years from the date of the extension with an option to extend for one additional year. In December 2017, the Company received formal approval of the extension of the expenditure period to May 1, 2019.

(2) 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 for each concession 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.

(3) The 18 gross well drilling commitment is an aggregate commitment for all three concessions. As at December 31, 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.

(United States dollars)

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

Period	Term of Exploration Period	Required Work Commitment (1)
Period 1	Expired	Transferred to Period 2
Period 2	Extended to January 22, 2019 (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 December 31, 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. In October 2017, the Company requested a further extension to the deadline to acquire seismic until April 2018 and defer drilling of the commitment exploration well until the second half of 2018. In March 2018, the Company received formal approval of both the extension and deferral until January 22, 2019.

(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.

21. PROPOSED ACQUISITION:

On November 21, 2017, the Company entered into Acquisition Agreements with Pluspetrol for the acquisition of all of the issued and outstanding shares of Apco Austral from Pluspetrol (the "Acquisition") for $28.4 million of cash consideration, reduced by the $6.8 million Acquisition deposit (Note 7), plus up to $9 million of contingent royalty payments during a ten-year period commencing on January 1, 2018. Under the terms of the royalty agreement, the Company will make quarterly payments equal to 10% of the amount by which net revenue (oil and gas revenue less provincial royalties) received by Apco Austral from its 25.7796% participating interest in the TDF concessions for the quarter exceeds certain base net revenue thresholds for such quarter. Liminar has provided a guarantee in respect of the Company's payment obligations under the Acquisition Agreement. At December 31, 2017, Liminar received a fee of $216,131 for its guarantee of the Company's payment obligations under the Acquisition Agreements.

Pursuant to the joint venture agreement governing the TDF concessions (the "JV Agreement"), Crown Point's and Apco Austral's partners in the TDF concessions (each a "JV Partner") had a right of first refusal ("ROFR") that allowed them to participate in the Acquisition at a level that is equivalent to their participating interest in the TDF concessions. Pluspetrol has previously advised the Company that none of the JV Partners that are non-affiliates of Crown Point exercised their ROFR.

The Company was subsequently advised by Pluspetrol that Roch S.A. ("Roch"), one of the JV Partners, has disputed the validity of the ROFR notices issued by Pluspetrol to the JV Partners and has obtained an injunction from a Court in Argentina prohibiting Pluspetrol from selling the shares of Apco Austral to the Company until Pluspetrol complies with the provisions of the JV Agreement relating to the provision to Roch of complete information in order to allow Roch to evaluate whether or not to exercise its ROFR under the JV Agreement.

Pluspetrol has advised the Company that it believes that Roch's assertion that Pluspetrol has not fully complied with the ROFR provisions of the JV Agreement is without merit and that Pluspetrol intends to take immediate legal action to have the injunction rescinded as soon as possible.

Pluspetrol has also advised the Company that Roch has given notice to Pluspetrol that it is commencing arbitration proceedings under the JV Agreement in order to have an arbitrator consider and rule on the dispute.

Completion of the Acquisition is subject to, among other things, the removal of the injunction and other customary closing conditions. In light of the injunction and the pending arbitration proceedings, the Company and Pluspetrol have amended the Acquisition Agreements to extend the outside date for completing the Acquisition until May 30, 2018.

22. SUBSEQUENT EVENTS:

(a) On April 17, 2018, the Company announced the filing of a final short form prospectus for a rights offering (the "Rights Offering") and a commitment letter ("the Commitment Letter") for debt financing.

The Company closed the Rights Offering on May 23, 2018, pursuant to which the Company issued 40,000,000 common shares at $0.30 per share for gross proceeds of $12 million. Liminar acquired an aggregate of 26,666,667 common shares in connection with the Rights Offering, which increased Liminar's ownership interest to 59.5% of the Company's issued and outstanding common shares following the closing.

Banco de Servicios y Transacciones S.A. ("BST") has provided the Commitment Letter confirming that up to $14 million will be available to the Company under a new credit facility (the "New Credit Facility") provided by BST and/or one or more lenders sourced by BST for the purposes of funding a portion of the purchase price for the Acquisition. The Company and BST share a common director, Pablo Peralta, who also controls significant shareholdings in both companies The New Credit Facility is expected to bear interest at a rate of 7.5% to 9% per annum, require monthly payments of principal and interest and mature 60 months after the date that funds are disbursed. The loan is expected to be secured by an assignment of all cash flows of Apco Austral, after deducting certain cash flows required for capital expenditures and operational expenditures as agreed to by the Company and the lenders.

In consideration of BST's services in connection with arranging the New Credit Facility, the Company will pay a fee to BST equal to 0.25% of the amount drawn under the New Credit Facility to a maximum fee of $35,000 and will reimburse BST for its expenses to a maximum amount of $25,000.

Liminar has agreed to guarantee the Company's payment obligations to the lenders under the New Credit Facility. In consideration for the provision of the guarantee under the New Credit Facility, the Company has agreed to pay to Liminar an annual fee during the term of the loan equal to 1% of the principal amount outstanding under the New Credit Facility on the date of such payment, with the first payment to be made on the date that funds are disbursed to the Company under the New Credit Facility and subsequent payments to be made annually on the anniversary date of the disbursement date.

(b) In April 2018, the Company repaid the balance owing under the loan facility with HSBC Argentina (Note 9(a)) in the amount of ARS 4,354,166 ($216,227), and the $157,000 of USD denominated GICs on deposit as security were released to the Company in May 2018.