

## CROWN POINT ENERGY INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") of the consolidated financial results of Crown Point Energy Inc. ("**Crown Point**" or the "**Company**") is at and for the three months ended March 31, 2019.

This MD&A is dated as of May 30, 2019 and should be read in conjunction with the Company's unaudited March 31, 2019 condensed interim consolidated financial statements and the audited December 31, 2018 consolidated financial statements. The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The functional currency of the Company's three subsidiaries is the United States dollar ("**USD**"); the functional currency of the Company is the Canadian dollar ("**CAD**"). The Company's presentation currency is the USD. In this MD&A, unless otherwise noted, all dollar amounts are expressed in USD. References to "**ARS**" are to Argentina Pesos.

This MD&A contains non-IFRS measures, abbreviations and forward-looking information relating to future events and the Company's future performance. Please refer to "Non-IFRS Measures", "Abbreviations and BOE Presentation" and "Advisories" sections at the end of this MD&A for further information.

Additional information relating to Crown Point, including Crown Point's unaudited March 31, 2019 condensed interim consolidated financial statements, audited December 31, 2018 consolidated financial statements and other filings are available on SEDAR at [www.sedar.com](http://www.sedar.com).

In the following discussion, the three months ended March 31, 2019 may be referred to as "Q1 2019", the comparative three months ended March 31, 2018 may be referred to as "Q1 2018", and the previous three month period ended December 31, 2018 may be referred to as "Q4 2018".

### CORPORATE OVERVIEW AND STRATEGY

Crown Point (TSX-V: CWV) is a Calgary-based junior international oil and gas company with producing assets and an opportunity base in two of the largest producing basins in Argentina, the Austral basin in the Province of Tierra del Fuego ("**TDF**") and the Neuquén basin, in the Province of Mendoza.

The Company's strategy is designed to deliver low-risk growth and capitalize on large potential exploration upside. Specifically, Crown Point is focused on increasing its production base in TDF through exploration and development drilling supplemented by recompletion and fracture stimulation of select older producing wells. Currently, the Company's production is derived entirely from its participating interest in the Rio Cullen, Las Violetas and La Angostura exploitation concessions in TDF (the "**TDF Concessions**") where an active development and exploration program is in place to expand the Company's reserves and production. See the Acquisition of St. Patrick Oil & Gas S.A. section of this MD&A.

Crown Point is also conducting an exploration program in its 100% interest in the Cerro de Los Leones ("**CLL**") exploration concession permit (the "**CLL Permit**") in the Province of Mendoza, an area surrounded by several large conventional oil pools. The Company recently acquired 3-D seismic over the northern part of the CLL Permit. The new 3-D seismic is being used to finalize two drilling locations in the northern CLL area.

### ACQUISITION OF ST. PATRICK OIL & GAS S.A.

On June 7, 2018, the Company closed the acquisition (the "**Acquisition**") of all of the issued and outstanding shares of St. Patrick Oil & Gas S.A. (formerly named Apco Austral S.A.) ("**St. Patrick**"), from a third party (the "**Vendor**") for cash consideration plus up to \$9 million of contingent royalty payments ("**Contingent Royalty Payments**") during a ten-year period until December 31, 2027.

St. Patrick held a 25.7796% participating interest in the TDF Concessions (the "**Participating Interest**"). Following the completion of the Acquisition, the Company and its wholly-owned subsidiary St. Patrick

collectively held a 51.56% interest in the TDF Concessions, which includes the San Martin discovery wells located on the La Angostura concession. The Acquisition doubled the Company's reserves and production.

### **Arbitration and Exercise of Rights of First Refusal**

Pursuant to the Joint Operating and Union Transitoria de Empresas Agreement governing the TDF Concessions (the "**UTE Agreement**"), the Company's and St. Patrick's partners in the TDF Concessions (each an "**UTE Partner**") had a right of first refusal ("**ROFR**") to acquire St. Patrick's Participating Interest in the TDF Concessions. One of the UTE Partners disputed the validity of the ROFR notices issued by St. Patrick and the Vendor to the UTE Partners and, among other things, commenced arbitration proceedings against St. Patrick and the Vendor under the UTE Agreement in order to have an arbitration tribunal consider and rule on the dispute.

In December 2018, the arbitration tribunal ordered St. Patrick and the Vendor to comply with the provisions of the UTE Agreement that grant the ROFR to acquire St. Patrick's Participating Interest in the TDF Concessions to the other UTE Partners. In compliance with the arbitration tribunal's decision, St. Patrick subsequently provided notice to its UTE Partners of the indirect transfer of St. Patrick's Participating Interest in the TDF Concessions that resulted from Crown Point's acquisition of St. Patrick. All of St. Patrick's UTE Partners exercised their ROFRs to acquire their proportionate share of St. Patrick's Participating Interest in the TDF Concessions (the "ROFR Sale").

On April 26, 2019, St. Patrick completed the ROFR Sale of a 16.8251% participating interest in the TDF Concessions to its UTE Partners for \$17.5 million of cash consideration (\$13.5 million plus a \$4 million income tax gross-up). The UTE Partners will also make future payments to St. Patrick equal to their proportionate share of the Contingent Royalty Payments that accrue following closing of the ROFR Sale, which contingent consideration has an estimated fair value of \$4.3 million. As a result of the disposition, the Company's collective participating interest in the TDF Concessions decreased from 51.56% to 34.73%.

## **OPERATIONAL UPDATE**

### **TDF Concessions**

#### La Angostura Concession

During Q1 2019, the San Martin field located on the La Angostura concession produced a total of 378,045 bbls of 35 API gravity oil (gross) (194,920 bbls net) and 136 mmcf of (gross) associated natural gas (70 mmcf net). Daily oil production averaged 4,200 bbls per day (net 2,242 bbls per day). Associated natural gas production averaged 1.51 mmcf of gas per day (gross) (net 773 mcf per day).

The second appraisal well (SM a-1003), located 0.9 km north and west of the SM x-1001 discovery well, was placed on stream on March 14, 2019. Co-mingled production from the upper and lower Tobifera formations has averaged 120 bbls per day (net 60 bbls per day) with a 10% water cut since being placed on production.

#### Las Violetas Concession

No drilling was carried out on the Las Violetas concession during Q1 2019. The LR x-1001 well, drilled to the south of the Rio Chico gas processing facilities in Q2 2018, was re-fractured and re-completed during Q1 2019. The flow test recovered formation water with traces of oil and the well was subsequently suspended.

Prospect identification and evaluation to develop additional exploitation, step-out and appraisal locations for inclusion in the 2019-20 capital program on the Las Violetas concession continues.

### **CLL Permit**

The Company has a 100% working interest in the 100,907 acre area covered by the CLL Permit, which is located in the northern portion of the Neuquén Basin in the Province of Mendoza, Argentina.

The Company was required to complete a 3-D seismic program and drill one exploration well by January 22, 2019. The Company received formal approval from the Province of Mendoza extending the January 22, 2019 deadline to complete its outstanding Phase Two work obligation (the drilling of one exploration well) for

nine months. In doing so, the Company accepted an additional work obligation to drill a second exploration well before the new October 22, 2019 deadline.

The Company acquired 214 km<sup>2</sup> of 3-D seismic in Q3 2018 which is currently being used to finalize two drilling locations in the northern CLL area. The two exploration wells are planned for Q3 2019 at an aggregate budgeted cost of \$3.7 million. Both wells will target lower Tertiary and upper Cretaceous sandstones which are oil productive immediately north of the CLL Permit. The requests for environmental approval have been submitted to the provincial authorities.

The Company is seeking a partner in the CLL Permit to share future capital costs and potentially realize some capital cost recovery on existing and previous capital projects.

## OUTLOOK

### Capital Spending

The Company's planned capital spending for 2019 is as follows:

	Previous guidance for 2019	Updated guidance for 2019	Explanation
TDF Concessions (\$)	13.6 million	11.3 million	Reduction in participating interest
CLL Permit (\$)	3.7 million	3.7 million	
Total capital expenditures (\$)	17.3 million	15.0 million	

The Company's capital expenditure budget for 2019 is \$15.0 million comprised of \$11.3 million in TDF and \$3.7 million in CLL based on expenditures for the following proposed activities:

- Drill two appraisal wells on San Martin structure in the La Angostura concession;
- Perform re-fracture stimulations on SM a-1003 and LR x-1001;
- Three well workovers; one in the La Angostura concession, one in the Rio Cullen concession and one in the Las Violetas concession;
- Install oil treatment and water handling facilities at San Martin to improve production capacity and reduce trucking costs;
- Other improvements to facilities in TDF; and
- Drill two exploration wells in CLL.

The \$11.3 million budget for TDF is based on the Company's share of the budget proposed by the UTE's operator. The Company is currently evaluating the budget proposal.

Crown Point expects to meet these obligations, along with its other anticipated expenses, using cash flow from operations, new indebtedness and/or equity financings and potential joint venture arrangements.

### Argentina – Economic Summary

In Q1 2019, the Argentine economy has shown difficulties in lowering the inflation rate, which was 11.8%. In Q1 2019, Argentina also experienced a high volatility of the ARS/USD exchange rate, which is driven by uncertainty about the outcome of the presidential elections to come in October 2019. In addition, economic activity continues to show signs of contraction due in part to high interest rates. The current administration, with the strong support of the International Monetary Fund, is implementing policies to tackle inflation by lowering the fiscal deficit with a long term target to eliminate the deficit.

### Commodity Prices

#### *Oil*

Oil from the Company's TDF Concessions is sold at a discount to the Brent price. During Q1 2019, the Company received an average of \$54.91 per bbl for its TDF oil.

#### *Natural gas*

Crown Point can sell its natural gas production to both industrial and residential consumers. Prices for natural gas in Argentina are typically higher during the colder months of April through October than they are during

the warmer months of November through March when there is less demand for heating gas.

During Q1 2019, the Company received an average of \$4.05 per mcf for sales of its TDF natural gas, most of which was sold to the higher-priced industrial market.

## FINANCIAL INFORMATION

### SUMMARY OF FINANCIAL INFORMATION

(expressed in \$, except shares outstanding)	March 31 2019	December 31 2018	December 31 2017
Working capital (deficit)	642,453	(1,562,992)	685,653
Exploration and evaluation assets	9,043,030	9,032,994	6,013,387
Property and equipment	54,449,248	54,750,958	23,198,458
Total assets	83,390,910	85,128,625	40,856,370
Non-current financial liabilities <sup>(1)</sup>	5,989,998	4,744,616	–
Share capital	131,745,215	131,745,215	119,982,644
Total common shares outstanding	72,903,038	72,903,038	32,903,038

(expressed in \$, except shares outstanding)	Three months ended March 31	
	2019	2018
Oil and natural gas sales revenue	12,012,185	5,541,446
Income before taxes	3,317,053	909,144
Net income	2,978,175	272,779
Net income per share <sup>(2)</sup>	0.04	0.01
Cash flow from operations	6,050,373	2,039,243
Cash flow per share – operations <sup>(2)</sup>	0.08	0.06
Adjusted funds flow from operations <sup>(3)</sup>	3,735,080	1,724,635
Adjusted funds flow per share – operations <sup>(2)(3)</sup>	0.05	0.05
Weighted average number of shares	72,903,038	32,903,038

<sup>(1)</sup> Non-current financial liabilities at March 31, 2019 are comprised of the contingent liability and lease liability (December 31, 2018 – contingent liability). The total amount of contingent liabilities outstanding at March 31, 2019 is \$6,639,573 of which \$1,762,250 is classified as current (December 31, 2018 – \$7,066,546, of which \$2,321,930 is classified as current). The total amount of lease liabilities at March 31, 2019 is \$1,345,543 of which \$232,868 is classified as current.

<sup>(2)</sup> All per share figures are based on the basic weighted average number of shares outstanding in the period. The effect of options is anti-dilutive. Per share amounts may not add due to rounding.

<sup>(3)</sup> "Adjusted funds flow from operations" and "Adjusted funds flow per share - operations" are non-IFRS measures. See "Non-IFRS Measures" for a reconciliation of these measures to the nearest comparable IFRS measures.

## RESULTS OF OPERATIONS

### Results of Operations – TDF

#### Operating Netback

Per BOE	Three months ended March 31	
	2019	2018
Oil and gas revenue (\$)	38.46	40.09
Export tax (\$)	(2.68)	–
Royalties (\$)	(5.65)	(6.29)
Operating costs (\$)	(9.37)	(11.68)
Operating netback <sup>(1)</sup> (\$)	20.76	22.12

<sup>(1)</sup> "Operating netback" is a non-IFRS measure. See "Non-IFRS Measures".

Variations in the TDF operating netback for Q1 2019 as compared to Q1 2018 are explained by changes in sales volumes and revenues, export taxes, royalties and operating costs as detailed below.

### **Sales Volumes and Sales Revenues**

<b>Sales volumes</b>	<b>Three months ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Light oil (bbls)	145,116	58,367
NGL (bbls)	1,657	1,274
Natural gas (mcf)	993,251	471,605
<b>Total BOE</b>	<b>312,314</b>	<b>138,242</b>
Light oil bbls per day	1,612	649
NGL bbls per day	18	14
Natural gas mcf per day	11,036	5,240
<b>BOE per day</b>	<b>3,470</b>	<b>1,536</b>

  

<b>Sales revenue</b>	<b>Three months ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Light oil (\$)	7,968,933	3,482,588
NGL (\$)	24,160	30,203
Natural gas (\$)	4,019,092	2,028,655
<b>Total sales revenue</b>	<b>12,012,185</b>	<b>5,541,446</b>
Light oil per bbl (\$)	54.91	59.67
NGL per bbl (\$)	14.58	23.70
Natural gas per mcf (\$)	4.05	4.30
<b>Total sales revenue per BOE (\$)</b>	<b>38.46</b>	<b>40.09</b>

### **TDF Sales and Production Volumes**

During Q1 2019, the Company's average daily sales volumes were 3,470 BOE per day, down 29% from 4,915 BOE per day in Q4 2018 mainly due to lower sales of inventoried volumes of oil and up 126% from 1,536 BOE per day in Q1 2018 mainly due to the increase in the Company's working interest in the TDF Concessions from 25.7804% to 51.56% on June 7, 2018 (see the Acquisition of St. Patrick Oil & Gas S.A. section of this MD&A).

TDF average daily production volumes for Q1 2019 were 4,328 BOE per day, up 7% from 4,046 BOE per day in Q4 2018 due mainly to the increase in the production from the SM x-1001 well caused by the full opening of the choke, and up 185% from 1,519 BOE per day in Q1 2018 mainly due to the increase in the Company's working interest in the TDF Concessions and production from the SM a-1002 well, which came on stream in August 2018.

TDF sales volumes were weighted as follows:

	<b>Three months ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Light oil	46%	42%
NGL	1%	1%
Natural gas	53%	57%
<b>Total</b>	<b>100%</b>	<b>100%</b>

All of the Company's natural gas production is sold in the period produced, therefore natural gas sales

volumes equal production volumes.

Oil (and related NGL) production from TDF may be either (1) stored then shipped for sale to the domestic market and/or international brokers for export or (2) trucked and sold to Chile. The sale of crude oil transported by ship from TDF can be impacted by intermittent shipments due to storage levels and weather conditions. Oil and NGL sales volumes may include both previously inventoried volumes as well as current period production.

For the three months ended March 31	Oil				NGL			
	2019		2018		2019		2018	
	bbls	bbls per day	bbls	bbls per day	bbls	bbls per day	bbls	bbls per day
Inventory, January 1	–		37,172		2,884		1,465	
Production	222,432	2,471	56,887	632	1,537	17	1,218	14
Sales	(145,116)	(1,612)	(58,367)	(649)	(1,657)	(18)	(1,274)	(14)
Inventory, March 31	77,316		35,692		2,764		1,409	

### TDF Revenues and Pricing

TDF revenue per BOE earned in Q1 2019 was approximately \$38.46 per BOE, lower than TDF revenue per BOE of \$42.91 achieved in Q4 2018 mainly due to a lower oil price received in Q1 2019 related to the decrease in the average price of Brent. TDF revenue per BOE in Q1 2019 is lower than \$40.09 per BOE achieved in Q1 2018 due to a decrease in both oil and natural gas prices.

Of the commodities produced from the TDF Concessions, only natural gas is subject to seasonal demand. Residential demand for natural gas in Argentina is higher during the colder months of April through October, generally resulting in lower average natural gas prices during this period as sales to the residential market earn a lower price than sales to the industrial market. Seasonal reductions in average natural gas prices during winter are typically offset by increases in gas sales during warmer months to the much higher-priced industrial market. However, the Company has not been obligated to sell a portion of its natural gas production to the residential market since November 2017 and is now able to sell all of its natural gas production to the industrial market.

The price earned by the Company on TDF natural gas sales in Q1 2019 averaged \$4.05 per mcf, up 4% from \$3.90 per mcf earned in Q4 2018 and down 6% from \$4.30 per mcf earned in Q1 2018. The price of natural gas earned by the Company varies with the composition of sales to the residential and industrial markets and price fluctuations within each market. During Q1 2019, 72% of sales were to the industrial market and 28% were to the residential market (Q4 2018 – 77% industrial; 23% residential; Q1 2018 – 100% industrial). In addition, the Company received adjustments from the UTE in Q1 2019 and Q4 2018 for natural gas sales in previous periods which increased the overall price earned by the Company in those periods.

The average natural gas price for the industrial market was \$3.76 per mcf in Q1 2019, \$3.78 per mcf in Q4 2018 and \$4.30 per mcf in Q1 2018. The average natural gas price for the residential market was \$3.82 per mcf in Q1 2019 and Q4 2018.

Oil from Crown Point's TDF Concessions earned \$54.91 per bbl in Q1 2019, down 1% from \$55.59 per bbl in Q4 2018 and down 8% from \$59.67 per bbl in Q1 2018, due to a decline in the average price of Brent in the Q1 2019 and Q4 2018 periods.

The price earned by the Company on TDF NGL sales was \$14.58 per bbl in Q1 2019, up 7% from \$13.62 per bbl in Q4 2018 and down 38% from \$23.70 per bbl received in Q1 2018. Sales in Q1 2018 were to the higher-priced industrial market.

See also the Outlook – Commodity Prices section of this MD&A.

## Export Tax

	Three months ended March 31	
	2019	2018
Export tax (\$)	836,204	–
Export tax as a % of Revenue	7%	–
Export tax per BOE (\$)	2.68	–

In September 2018, the Government of Argentina imposed a 12% export tax on all goods exported from Argentina, to a maximum of 4 ARS per 1 USD of export sales revenue. During Q1 2019, the Company recognized \$836,204 of export tax related to oil sales to the export market.

## Royalties

	Three months ended March 31	
	2019	2018
Provincial royalties (\$)	1,764,170	869,160
Royalties as a % of Revenue	14.7%	15.7%
Royalties per BOE (\$)	5.65	6.29

The base royalty rate for revenue from the TDF Concessions is 15% plus other royalties at an average rate of 2% on revenues for which the base royalty is paid in cash rather than in-kind. Variances in TDF royalties are also impacted by commodity prices over certain thresholds which may increase the base rate by 0.5% increments and by the level of export sales volumes which bear an additional royalty of 2% compared to mainland Argentina sales which carry a 1% royalty.

The royalty rate is lower in Q1 2019 than in Q1 2018 due to oil export sales in Q1 2019 which are exempt from turnover tax and due to the export tax paid in Q1 2019, which is deducted from the royalty base calculation.

## Operating Costs

	Three months ended March 31	
	2019	2018
Production and processing (\$)	2,203,316	1,380,488
Transportation and hauling (\$)	724,379	232,994
Total operating costs (\$)	2,927,695	1,613,482
Production and processing per BOE (\$)	7.05	9.99
Transportation and hauling per BOE (\$)	2.32	1.69
Operating costs per BOE (\$)	9.37	11.68

Operating costs per BOE are lower in Q1 2019 than in Q1 2018 due in part to the effect of the devaluation of the ARS against the USD. During Q1 2019, the ARS declined 15% against the USD. A portion of the Company's operating costs, including rates for field personnel and trucking, are set and settled in ARS based on the ARS to USD exchange rate at a particular point in time. Rates for field personnel and trucking may be subsequently adjusted in the event of significant changes in the ARS to USD exchange rate.

Transportation and hauling costs consist of contracted services hired to perform vacuum truck and transportation activities for crude oil. Transportation and hauling costs are higher in Q1 2019 than in Q1 2018 due to oil from SM x-1001 and SM a-1002 that is trucked to the Company's TDF facilities for storage and for which a portion is trucked to Chile for sale.

## G&A Expenses

	Three months ended March 31	
	2019	2018
Salaries and benefits (\$)	432,257	240,700
Professional fees (\$)	230,288	169,777
Office and general (\$)	66,995	70,235
Travel and promotion (\$)	43,766	28,177
	773,306	508,889

Salaries and benefits are higher in Q1 2019 than in Q1 2018 due to a bonus granted to officers which was partially offset by the devaluation of ARS against the USD which resulted in lower Q1 2019 salary costs for Argentine employees.

Professional fees include reserve reports fees, consulting fees for financial reporting and investor relations services, legal and consulting fees related to assistance with the preparation of various documents for regulatory compliance and consulting fees related to geological and engineering assistance. Professional fees are higher in Q1 2019 than in Q1 2018 due mainly to geological and engineering consulting fees.

Office and general expenses in Q1 2019 are comparable to Q1 2018.

Travel and promotion expenses include the cost of management's investor relations activities and travel between Argentina and Canada. Travel and promotion expenses are higher in Q1 2019 than in Q1 2018 as there were more trips between Argentina and Canada by management.

## Depletion and Depreciation

	Three months ended March 31	
	2019	2018
TDF depletion (\$)	2,880,527	1,579,460
Depreciation (\$)	10,616	9,735
	2,891,143	1,589,195
TDF depletion rate per BOE (\$)	9.22	11.43

Depletion rates reflect the all-in combined charge of drilling operations, various asset acquisitions and investments in facilities and gathering systems. Office furniture, equipment and other assets are recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using a straight line basis over 3 to 10 years for Argentina office furniture and equipment and a straight line basis over the term of the lease for all leasehold improvements.

The TDF depletion rate per BOE is lower in Q1 2019 than in Q1 2018 due mainly to an increase in the proved plus probable reserves estimated in the externally prepared December 31, 2018 reserve report (9,246,333 BOE) as compared to the 2017 report (4,280,000 BOE). Proved plus probable reserves in the 2017 report were based on the Company's 25.7804% participating interest in the TDF Concessions prior to the Acquisition of St. Patrick which increased the Company's participating interest in TDF to 51.56%. The increase in proved plus probable reserves in the 2018 reserve report is primarily due to the Acquisition of St. Patrick and additional reserves assigned as a result of the two San Martin wells drilled in the La Angostura Concessions.

## Foreign Exchange Gain (Loss)

During Q1 2019, the Company recognized a foreign exchange gain of \$577,345 compared to a foreign exchange gain of \$73,659 during Q1 2018.

The functional currency of Crown Point is the CAD. The functional currency of each of Crown Point's wholly owned subsidiaries, CanAmericas (Argentina) Energy Ltd., Crown Point Energía S.A. and St. Patrick, is the

USD. The presentation currency of Crown Point is the USD.

Foreign exchange gains (losses) reported in the consolidated statement of loss and comprehensive loss occur as a result of translation of foreign denominated monetary assets and liabilities to the functional currency of the respective entity and the related currency fluctuations between the CAD and the USD and the USD and the ARS.

Exchange rates <sup>(1)</sup> as at:	March 31 2019	December 31 2018
CAD to USD	0.7491	0.7330
ARS to USD	0.0231	0.0266
USD to ARS	43.342	37.6500

(1) Source Canadian Forex Exchange

In Crown Point, the translation of USD denominated foreign net monetary assets to CAD during Q1 2019 resulted in a foreign exchange gain of approximately \$24,078 (Q1 2018 – \$107,700 foreign exchange gain).

Notwithstanding that the functional currency of the Company's Argentine subsidiaries is the USD, a portion of monetary assets and liabilities such as accounts receivable and accounts payable are denominated in ARS and re-measured into the functional currency at each reporting date, making net monetary assets and liabilities somewhat sensitive to currency fluctuations.

In the Argentine subsidiaries, the translation of ARS denominated net monetary liabilities to USD during Q1 2019 resulted in a foreign exchange gain of approximately \$553,267 (Q1 2018 – \$34,000 foreign exchange loss).

Currency devaluation in Argentina affects 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 Q1 2019, the devaluation of ARS resulted in lower TDF operating costs and general and administrative expenses incurred in Argentina by approximately 9% (Q1 2018 devaluation of ARS; lower by 2%).

During Q1 2019, the devaluation of ARS resulted in a reduction in the USD equivalent of ARS denominated foreign currency denominated financial instruments by approximately \$733,000 (Q1 2018 – devaluation of ARS; reduction by approximately \$99,000).

### Net Finance Expense

During Q1 2019, the Company earned \$75,172 of interest income on interest-earning bank accounts compared to \$4,446 in Q1 2018.

During Q1 2019, the Company incurred \$135,042 of financing fees and bank charges compared to \$67,214 in Q1 2018. Financing fees and bank charges result primarily from bank taxes charged in Argentina on cash transfers.

During Q1 2019, the Company incurred \$3,069 of interest expense on bank debt compared to \$16,054 in Q1 2018. Interest expense is lower in Q1 2019 than in Q1 2018 due to the full repayment of loans on January 10, 2019 as described under the Liquidity and Capital Resources – Argentina Loans section of this MD&A.

### Taxes

	Three months ended March 31	
	2019	2018
Current tax expense (\$)	2,385,846	727,365
Deferred tax provision (recovery) (\$)	(2,046,968)	(91,000)
Total tax expense (\$)	338,878	636,365

Current tax expense is related to taxable income in Argentina generated by the Company's Argentine subsidiaries, Crown Point Energía S.A. and St. Patrick.

The deferred tax provision is primarily related to the effect of a reduction in the tax rate applied to certain temporary tax differences and the devaluation of the ARS during Q1 2019 on the translation of ARS denominated tax pools to USD. As at March 31, 2019, the Company's deferred tax liability was \$4,909,806 (December 31, 2018 – \$7,329,504).

## CAPITAL EXPENDITURES

The Company recognized the following additions in exploration and evaluation (“E&E”) assets during Q1 2019 and Q1 2018, primarily related to CLL.

	Three months ended March 31	
	2019	2018
CLL cash expenditures (\$)	10,036	26,907
Decommissioning revisions (\$)	–	(4,061)
	10,036	22,846

The Company also recognized the following additions (recoveries) to property and equipment assets during Q1 2019 and Q1 2018:

	Three months ended March 31	
	2019	2018
Drilling and completion (\$)	1,926,466	130,426
Corporate assets (\$)	8,268	135
Recovery of capitalized VAT (\$)	–	(33,764)
Cash expenditures (\$)	1,934,734	96,797
Right-of-use-assets (\$)	1,372,612	–
Decommissioning revisions (\$)	36,648	–
	3,343,994	96,797

	Three months ended March 31	
	2019	2018
Allocation of cash expenditures:		
TDF (\$)	1,926,466	96,662
Corporate (\$)	8,268	135
	1,934,734	96,797

During Q1 2019, the Company incurred \$1,926,466 of expenditures in the TDF area primarily related to the re-fracture stimulations of SM a-1003 and LR x -1001 and installation of an oil pipeline at SM x-1001.

During Q1 2018, the Company incurred \$130,426 of expenditures in the TDF area primarily related to the completion of the LFE -1004 well and facilities improvements.

## LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. The Company manages its liquidity risk through management of its capital structure and annual budgeting of its revenues, expenditures and cash flows.

During Q1 2019, the Company reported net income of \$2,978,175 and net cash from operating activities of \$6,050,373. The Company's Q1 2019 adjusted funds flow from operations was \$3,735,080. As at March 31, 2019, the Company had a \$642,453 working capital surplus (December 31, 2018 – \$1,562,992 working capital deficit), including \$4,436,997 of cash held in bank accounts, and significant future capital commitments to develop its properties.

The Company anticipates using cash flow from operations, as well as additional debt and/or equity financings and potential joint venture arrangements to fund the Company's capital expenditure program in 2019. For details of the Company's 2019 capital expenditure program, see the Outlook section of this MD&A. As new opportunities arise or planned expenditures are revised, the Company is committed to raising the necessary funds required for operations and capital expenditures through equity financing, joint venture agreements, and debt. If more of the Company's properties become economic and productive, the additional cash flow generated will assist in funding the Company's future activities.

#### Contingent Liability

As at December 31, 2018, the Company had a \$7,066,546 contingent liability representing the estimated fair value of contingent royalty payments associated with the Acquisition. Under the terms of the royalty agreement, the Company will make quarterly payments over a ten-year period until December 31, 2027 equal to 10% of the amount by which net revenue (oil and gas revenue less provincial royalties) attributable to St. Patrick's former 25.7796% participating interest in the TDF Concessions for the quarter exceeds certain base net revenue thresholds for such quarter. If in any quarter the net revenues attributable to such participating interest do not exceed the base net revenue threshold for that quarter, then no royalty payment will be payable.

During Q1 2019, the Company made \$325,952 of cash payments to the Vendor. As at March 31, 2019, the Company re-measured the fair value of the contingent liability at \$6,639,573 based on revisions to the expected future net revenues and other measurement inputs resulting in a fair value adjustment of \$101,021.

The Company's contingent liability was reduced by approximately \$4.3 million to \$2.3 million following the completion of the ROFR Sale on April 26, 2019 (see the Acquisition of St. Patrick Oil & Gas S.A. section of this MD&A).

#### Argentina Loans

On December 7, 2018, the Company obtained a \$1.7 million loan facility from Banco Macro (the "**2nd Macro Working Capital Loan**") secured by certain of the Company's accounts receivable to a maximum of \$1.7 million applied against the loan when collected. The 2nd Macro Working Capital Loan bore interest at a rate of 6.75% per annum, calculated and paid monthly, and was repayable on or before February 5, 2019. The loan was repaid on January 10, 2019.

## **RELATED PARTY TRANSACTIONS**

Energía y Soluciones S.A., a company controlled by Gabriel Obrador, who is a director of the Company, owns a 1.46% overriding royalty on revenue earned from the CLL Permit. As of March 31, 2019, and the date of this MD&A, no revenue has been earned from the CLL Permit.

During Q1 2019, the TDF 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, for which the Company recognized \$ 53,158 (ARS 2,119,843) (Q1 2018 – \$28,674 (ARS 573,934)) of oil and gas revenue for its working interest share. Included in trade and other receivables as at March 31, 2019 is \$10,193 (ARS 440,035) (December 31, 2018 – \$23,045 (ARS 864,431)) in respect of this revenue.

There were no other transactions between the Company and related parties of the Company during Q1 2019.

## **SUBSEQUENT EVENTS**

- (a) On April 3, 2019, the Company granted 2,175,000 stock options to officers and directors. The stock options are exercisable at CAD\$0.75 per share until April 3, 2024.
- (b) On April 26, 2019, St. Patrick completed the ROFR Sale of a 16.8251% participating interest in the TDF Concessions to its UTE Partners for \$17.5 million of cash consideration (\$13.5 million plus a \$4 million income tax gross-up). The UTE Partners will also make future payments to St. Patrick equal to their proportionate share of Contingent Royalty Payments that accrue following closing of the ROFR Sale, which contingent consideration has an estimated fair value of \$4.3 million (see the Acquisition of St. Patrick Oil & Gas S.A. section of this MD&A).

- (c) Effective April 1, 2019, the Company entered into a services agreement with Liminar Energía S.A. ("Liminar"), the Company's largest shareholder, for the provision of legal advisory services to the Company for a fee of \$20,000 per month plus a 0.25% success fee on merger and acquisition transactions for which the Company has engaged Liminar and such transaction consideration received or paid by the Company exceeds \$12 million.

## SHARE CAPITAL

Issued and outstanding	Common Shares	Stock Options
December 31, 2018 and March 31, 2019	72,903,038	41,000
Granted April 3, 2019	–	2,175,000
Expired May 9, 2019	–	(41,000)
As at May 30, 2019	72,903,038	2,175,000

## DIVIDENDS

The Company has not declared or paid any dividends. Any decision to pay dividends on any of its shares will be made by the Board of Directors of the Company on the basis of earnings, financial requirements and other conditions existing at the time.

## COMMITMENTS

- (a) TDF Concessions

Following the completion of the ROFR Sale on April 26, 2019, the Company has a 34.73% working interest in the TDF area of Argentina covering approximately 489,000 acres (169,800 net acres) in the Austral Basin and includes the Las Violetas, La Angostura and Rio Cullen exploitation concessions. The term of each concession expires in August 2026. The Company's share of expenditure commitments as at March 31, 2019 (prior to giving effect to the ROFR Sale) with respect to the TDF Concessions are as follows:

<u>Concession</u>	<u>Term of Expenditure Period</u>	<u>Required Expenditure Commitment</u>
Rio Cullen	Until August 2026	\$0.92 million, none of which was spent as of March 31, 2019.

- (b) Cerro De Los Leones Concession

The CLL Permit confers upon its holder 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 CLL 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 as at March 31, 2019 required to be completed during each of the exploration periods:

<u>Period</u>	<u>Term of Exploration Period</u>	<u>Required Work Commitment <sup>(1)</sup></u>
Period 1	Expired	Transferred to Period 2
Period 2	October 22, 2019 <sup>(2)</sup>	A minimum of approximately \$4.6 million in expenditures of which \$3 million had been incurred as of March 31, 2019  2 exploration wells at an estimated cost of \$3.7 million, none of which was spent as of March 31, 2019
Period 3	1 year commencing upon expiry of Period 2	1 exploration well at an estimated cost of \$2.5 million

<sup>(1)</sup> The required work commitments are expressed as work units in the CLL 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.

<sup>(2)</sup> 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.

## OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

## FINANCIAL INSTRUMENTS

The fair values of cash, 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 March 31, 2019 and December 31, 2018, the fair value of these balances approximated their carrying amount due to their short term to maturity. The fair values of bank debt are based on the discounted present value of future cash flows and approximate carrying amounts and the fair value of the contingent liability is determined using the Black-Scholes pricing model.

The Company's accounts receivable are primarily with industry partners and are subject to normal industry credit risks. The Company extends unsecured credit to these entities, and therefore, the collection of any receivables may be affected by changes in the economic environment or other conditions. Management believes the risk is mitigated by the financial position of the entities. To date, the Company has not participated in any risk management contracts or commodity price contracts.

## NEW ACCOUNTING STANDARDS

### IFRS 16 Leases

On January 1, 2019, the Company adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective approach which does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

On adoption of IFRS 16, the Company's lease liabilities related to contracts classified as leases are measured at the discounted present value of the remaining minimum lease payments, excluding short-term and low-value leases. The right-of-use assets recognized were measured at amounts equal to the present value of the lease obligations. The weighted average incremental borrowing rate used to determine the lease liability at adoption was approximately 8%. The right-of-use asset and lease liability recognized relate to certain office premises and equipment in Argentina. The Company elected not to apply lease accounting to certain leases for which the lease term ends within 12 months of the date of initial application and leases of low dollar value assets.

The cumulative effect of initially applying IFRS 16 was recognized as a \$1,372,612 increase to right-of-use assets with a corresponding increase to lease liabilities.

In applying IFRS 16 for the first time, the Company used the following practical expedients permitted by the standard:

- Use of a single discount rate to a portfolio of leases with similar characteristics;
- Accounting for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
- Accounting for lease payments as an expense and not recognize a right-of-use asset if the underlying asset is of low dollar value; and
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease.

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective January 1, 2019:

#### Leases

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

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

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

## SELECTED CONSOLIDATED QUARTERLY INFORMATION

The following table sets forth selected consolidated financial information of the Company for the periods presented.

Unaudited Three months ended:	March 31 2019	December 31 2018	September 30 2018	June 30 2018	March 31 2018	December 31 2017	September 30 2017	June 30 2017
Working capital (\$)	642,453	(1,562,992)	(4,974,493)	(7,626,412)	2,239,833	685,653	3,069,104	(498,095)
Oil and natural gas sales revenue (\$)	12,012,185	19,406,279	16,560,691	7,158,826	5,541,446	3,132,145	3,072,252	4,009,250
Petróleo Plus Proceeds (\$)	–	–	–	–	–	–	1,874,376	–
New Gas Incentive Program payments (\$)	–	–	–	–	–	616,721	1,043,764	–
Net income (loss) (\$)	2,978,175	2,567,130	4,074,610	(948,682)	272,779	(743,709)	804,239	(1,038,338)
Basic and diluted net income (loss) per share <sup>(1)</sup> (\$)	0.04	0.04	0.06	(0.02)	0.01	(0.03)	0.05	(0.06)
Net cash from operating activities (\$)	6,050,373	7,713,567	4,516,249	7,366,472	2,039,243	2,294,650	1,630,595	173,954
Acquisition of St. Patrick (\$)	–	–	–	21,744,682	–	6,750,000	–	–
Expenditures on property and equipment and E&E assets (\$)	1,944,770	171,576	6,511,775	2,569,933	123,704	653,287	25,553	448,875
Total assets (\$)	83,390,910	85,128,625	73,197,889	73,946,551	40,943,655	40,856,370	38,486,461	37,653,657
Bank debt (\$)	–	1,700,000	4,000,000	4,000,000	216,227	812,208	2,096,786	2,736,214

<sup>(1)</sup> The sum of quarterly per share amounts may not add to annual figures due to rounding.

- Net income in Q1 2019 is comparable to Q4 2018 and is mainly due to results from operating activities, a decrease in finance expenses and recognition of a deferred tax recovery.
- Working capital improved in Q1 2019 due to funds flow from operating activities, the repayment of the loan outstanding as of December 2018 and the decrease in accounts payable.
- Net income decreased in Q4 2018 due to export taxes and the fair value adjustment on the contingent liability which were partially offset by higher sales of oil.
- Working capital deficit improved in Q4 2018 due to increase in cash and trade and other receivables related to the increase in oil sales.
- Net income in Q3 2018 is mainly due to higher sales of oil combined with an increase in the price of oil.
- Working capital improved in Q3 2018 due to the decrease in accounts payable combined with the increase in accounts receivable due to higher sales in Q3 2018.
- Net loss in Q2 2018 is mainly due to transaction costs related to the Acquisition of St. Patrick and current tax expense on taxable income in Argentina.
- Working capital decreased in Q2 2018 due to the increase in accounts payable related to the drilling campaign, current and withholding taxes payable and the current portion of contingent liability and loans obtained for the Acquisition of St. Patrick.
- Net income in Q1 2018 is mainly due to higher sales of inventoried volumes of oil in Q1 2018 and an increase in oil and natural gas prices.
- Working capital increased in Q1 2018 due to the collection of receipts for oil sales.
- Net loss in Q4 2017 is mainly due to an increase in G&A expenses, acquisition transaction costs for the proposed acquisition of St. Patrick and income tax expense in Argentina.
- Working capital decreased in Q4 2017 due to the payment of a \$6.75 million deposit to acquire all of the issued and outstanding shares of St. Patrick.
- Net income in Q3 2017 is mainly due to the proceeds from the Petr leo Plus Program and New Gas Incentive Program.
- Working capital increased in Q3 2017 due to the short-term bonds received as proceeds from the Petr leo Plus Program and cash proceeds from the New Gas Incentive Program.

## **BUSINESS RISKS AND UNCERTAINTIES**

Crown Point's production and exploration activities are conducted only in Argentina, where activity is highly competitive and includes a variety of different sized companies ranging from smaller junior producers to the much larger integrated petroleum companies. Crown Point is subject to various types of business risks and uncertainties, which may materially affect the Company's future financial and operating performance, including without limitation the following:

- risks associated with operations in emerging markets, including changes in energy policies or personnel administering them, nationalization of the Company's assets, the development and/or persistence of hyper-inflationary conditions, currency fluctuations between the USD, the CDN and the ARS and/or devaluations of the ARS, monetary and currency exchange controls, export controls, export taxes and changes in royalty and tax rates;
- the risks of the oil and gas industry both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;
- general economic conditions in Canada, Argentina and globally;
- the ability of management to execute its business plan;
- reliance on third party operators and joint venture partners to satisfy their commitments under existing agreements and arrangements and to carry out operations in a safe, efficient and effective manner;
- the risks of disputes with third party operators and joint venture partners and the effect that such disputes can have on the Company's operations and results;
- uncertainties inherent in estimating quantities of oil and natural gas reserves and cash flows to be derived therefrom and the risk that the value of such reserves may be impaired in future periods;
- fluctuations in the price of oil and natural gas, interest rates and exchange rates;

- the risk that the Company will not be able to reduce its operating costs and thereby improve the return on its investments;
- lack of diversification of the Company's oil and gas interests;
- the impact of work disruption and labour unrest on the Company's operations;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- geological, technical, drilling and processing problems;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in marketing operations, including credit risk;
- the ability to enter into, renew and/or extend leases and/or concessions;
- constraints on foreign subsidiaries to make payments to the Company;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures including delays arising as a result of the Company's inability to obtain the necessary oilfield services required, including drilling and fracture stimulation equipment and related personnel;
- the insufficiency of cash flow to fund operations;
- uncertainty of finding reserves and developing and marketing those reserves;
- unanticipated operating events, which could reduce production or cause production to be shut in or delayed;
- the ability of management to identify and complete potential acquisitions;
- if completed, the failure to realize the anticipated benefits of acquisitions;
- incorrect assessments of the value of acquisitions;
- ability to locate satisfactory properties for acquisition or participation;
- shut-ins of connected wells resulting from extreme weather conditions;
- insufficient storage or transportation or processing capacity for the Company's production;
- hazards such as fire, explosion, blowouts, cratering and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury;
- encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations;
- the failure to satisfy work commitments by the applicable deadline and the resulting loss of exploration and exploitation rights and, in the case of CLL, the resulting obligation to pay the value of such unsatisfied work commitments to the provincial government;
- the enforcement of civil liability in Argentina;
- risks associated with conflicting interests with partners;
- income tax reassessments and other taxes payable by the Company;
- the ability to add production and reserves through development and exploration activities;
- governmental regulation of the oil and gas industry, including the possibility that governments, government policies or laws, including laws and regulations related to the environment, may change in a manner that is adverse to the Company, or that governmental approvals may be delayed or withheld;
- failure to obtain industry partner and other third party consents and approvals, as and when required;
- risks associated with having a control person owning approximately 59.5% of the Company's shares and two representatives on the board of directors, including the potential that the control person may exert a significant amount of influence over the Company's affairs and that the liquidity of the Company's common shares may decline;
- risks associated with having two shareholders who control approximately 74.7% of the Company's shares, including that the liquidity of the Company's common shares may decline;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel; and
- the availability of capital on acceptable terms to fund the Company's capital programs and acquisitions, including the ability of the Company to obtain new credit facilities, renegotiate the terms of its existing credit facilities and/or repay the principal and interest owing under its existing credit facilities.

For additional details of the risks relating to the Company's business, see the Company's most current Annual Information Form, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## LEGAL, ENVIRONMENTAL, REMEDIATION AND OTHER CONTINGENT MATTERS

The Company reviews legal, environmental remediation and other contingent matters to both determine whether a loss is probable based on judgment and interpretation of laws and regulations, and determine that the loss can reasonably be estimated. When the loss is determined, it is charged to earnings. The Company's management monitors known and potential contingent matters and makes appropriate provisions by charges to earnings when warranted by circumstances.

## NON-IFRS MEASURES

Non-IFRS measures do not have any standardized meanings prescribed by IFRS and may not be comparable with the calculation of similar measures used by other entities. Non-IFRS measures should not be considered alternatives to, or more meaningful than measures determined in accordance with IFRS as indicators of the Company's performance.

This MD&A contains the terms "adjusted funds flow from (used by) operations" and "adjusted funds flow per share – operations" which should not be considered alternatives to, or more meaningful than, cash flow from (used by) operations and cash flow per share – operations as determined in accordance with IFRS as an indicator of the Company's performance. Management uses adjusted funds flow from (used by) operations to analyze operating performance and considers adjusted funds flow from (used by) operations to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investment. Adjusted funds flow per share – operations is calculated using the basic and diluted weighted average number of shares for the period consistent with the calculations of earnings per share.

The Company reconciles adjusted funds flow from (used by) operations to cash flow from (used by) operations, which is the most directly comparable measure calculated in accordance with IFRS as follows:

	Three months ended March 31	
	2019	2018
Cash flows from operations (\$)	6,050,373	2,039,243
Decommissioning expenditures (\$)	–	–
Changes in non-cash working capital (\$)	(2,315,293)	(314,608)
Adjusted funds flow from operations (\$)	3,735,080	1,724,635
Weighted average number of shares	72,903,038	32,903,038
Adjusted funds flow per share - operations	0.05	0.05

This MD&A also contains other industry benchmarks and terms, including "operating netbacks" (calculated on a per unit basis as oil, natural gas and NGL revenues less export tax, royalties and operating costs), which is a non-IFRS measure. See "Results of Operations – Operating Netback" for the calculation of operating netback. Management believes this measure is a useful supplemental measure of the Company's profitability relative to commodity prices. Readers are cautioned, however, that operating netbacks should not be construed as an alternative to other terms such as net income as determined in accordance with IFRS as measures of performance. Crown Point's method of calculating this measure may differ from other companies, and accordingly, may not be comparable to similar measures used by other companies.

## ABBREVIATIONS AND BOE PRESENTATION

The following abbreviations that may be used in this MD&A have the meanings set forth below:

<b>3-D</b>	-	three dimensional
<b>API</b>	-	American Petroleum Institute gravity, being an indication of the specific gravity of crude oil measured on the API gravity scale
<b>bbl</b>	-	barrel
<b>bbls</b>	-	barrels
<b>BOE</b>	-	barrels of oil equivalent
<b>km</b>	-	kilometres
<b>km<sup>2</sup></b>	-	square kilometres
<b>mcf</b>	-	thousand cubic feet
<b>mm</b>	-	millimetres
<b>mmcf</b>	-	million cubic feet
<b>NGL</b>	-	natural gas liquids
<b>Q1</b>	-	three months ended March 31
<b>Q2</b>	-	three months ended June 30
<b>Q3</b>	-	three months ended September 30
<b>Q4</b>	-	three months ended December 31
<b>UTE</b>	-	Union Transitoria de Empresas, which is a registered joint venture contract established under the laws of Argentina
<b>YPF</b>	-	Yacimientos Petrolíferos Fiscales S.A.

All BOE conversions in this MD&A are derived by converting natural gas to oil in the ratio of six mcf of gas to one bbl of oil. BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six mcf of gas to one bbl of oil (6 mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas in Argentina is significantly different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis is misleading as an indication of value.

## ADVISORIES

### Forward-Looking Information

This MD&A contains forward-looking information. This information relates to future events and the Company's future performance. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", "aim", "budget" or the negative of these terms or other comparable terminology are generally intended to identify forward-looking information. Such information represents the Company's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this MD&A may contain forward-looking information attributed to third party industry sources. Crown Point believes that the expectations reflected in this forward-looking information are reasonable; however, undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.

This MD&A contains forward-looking information concerning, among other things, the following: under "Corporate Overview and Strategy", all elements of the Company's business strategy in the TDF Concessions and CLL Permit, certain planned future operations of the Company in furtherance of the Company's business strategy; under "Acquisition of St. Patrick Oil & Gas S.A." and "Subsequent Events" the amount of contingent royalty payment; under "Operational Update – TDF Concessions", the Company's expectation that its prospect identification and evaluation will develop additional exploration, step-out and appraisal locations; under "Operational Update – CLL Permit", the operations that the Company intends to conduct on the CLL Permit and the anticipated timing, budget and benefits and the Company's ability to obtain a partner in the CLL Permit to share future capital costs and provide capital cost recovery

opportunities; under "Outlook – Capital Spending", our estimated capital expenditures for 2019, the allocation of such capital expenditures between our TDF Concessions and CLL Permit, the operational activities that we expect to complete during 2019, the continued evaluation of the Company's 2019 budget proposal, and our expectations for how we will fund our capital programs during these periods; under "Results of Operations – Royalties", changes in commodity prices may increase royalty rates; under "Results of Operations – Operating Costs", rates for field personnel or trucking may be adjusted in the event of significant changes to the ARS and USD exchange rate; under "Liquidity and Capital Resources", our strategies for managing our liquidity risks and our expectations for how we will fund our capital expenditure program in 2019; under "Liquidity and Capital Resources – Contingent Liability", the estimated cash flows used to calculate the fair value of the contingent liability; under "Commitments", the terms of the expenditure commitments in the TDF Concessions and the Cerro de Los Leones Concession. Actual results achieved during the forecast period will vary from the information provided in this MD&A as a result of numerous known and unknown risks and uncertainties and other factors.

A number of risks and other factors could cause actual results to differ materially from those expressed in the forward-looking information contained in this MD&A including, but not limited to, the following: the risks and other factors described under "Business Risks and Uncertainties" in this MD&A and under "Risk Factors" in the Company's most recently filed Annual Information Form, which is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

In addition, note that information relating to reserves and resources is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be economically produced in the future.

With respect to forward-looking information contained in this MD&A, the Company has made assumptions regarding, among other things: the impact of inflation rates in Argentina and the devaluation of the ARS against the USD on the Company; the amount of royalties that the Company will have to pay to the Vendor under the royalty agreement entered in to in connection with the Acquisition; the performance of St. Patrick and its underlying assets; the impact of increasing competition; the general stability of the economic and political environment in which the Company operates, including operating under a consistent regulatory and legal framework in Argentina; future oil, natural gas and NGL prices (including the effects of governmental incentive programs thereon); the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the costs of obtaining equipment and personnel to complete the Company's capital expenditure program; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms when and if needed; the ability of the Company to service its debt repayments when required; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration activities; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products. Management of Crown Point has included the above summary of assumptions and risks related to forward-looking information included in this MD&A in order to provide investors with a more complete perspective on the Company's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this MD&A are expressly qualified by this cautionary statement.

**The forward-looking information contained herein is made as of the date of this MD&A and the Company disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws.**

### **Analogous Information**

Certain information contained herein is considered "analogous information" as defined in National Instrument 51-101. In particular, this document describes certain information with respect to the existence of several large conventional oil pools surrounding the Company's 100% interest Cerro de Los Leones exploration permit in the Province of Mendoza, particularly the fact that the lower Tertiary and upper Cretaceous sandstones are oil productive immediately north of the CLL Permit. Such analogous information has not

been prepared in accordance with National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook and Crown Point is unable to confirm whether such information has been prepared by a qualified reserves evaluator. Such information is not intended to be a projection of future results. Such information is based on independent public data and public information received from other producers and Crown Point has no way of verifying the accuracy of such information. Such information has been presented to help demonstrate the basis for Crown Point's business plans and strategies. There is no certainty that such results will be achieved by Crown Point and such information should not be construed as an estimate of future reserves or resources or future production levels.

### **Well-Flow Test Results and Initial Production Rates**

Any references in this document to well-flow test results, swab test rates and/or initial production rates are useful in confirming the presence of hydrocarbons, however, such test results and rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such test results and rates in calculating the aggregate production for the Company. Well-flow test results, swab test rates and initial production rates may be estimated based on other third party estimates or limited data available at the time. Well-flow test result data should be considered to be preliminary until a pressure transient analysis and/or well-test interpretation has been carried out. In all cases in this document, well-flow test results and initial production results are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons.

### **ADDITIONAL INFORMATION**

Additional information regarding the Company, including the Company's most recently filed Annual Information Form, and its business and operations is available on the Company's profile at [www.sedar.com](http://www.sedar.com). Copies of the information can also be obtained by contacting the Company at Crown Point Energy Inc., PO Box 1526 Station M, Calgary, Alberta, T2P 3B9, or by phone at (403) 232-1150, by email at [info@crownpointenergy.com](mailto:info@crownpointenergy.com) or on the Company's website at [www.crownpointenergy.com](http://www.crownpointenergy.com).