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 and year ended December 31, 2019.

This MD&A is dated as of April 23, 2020 and should be read in conjunction with the Company's audited December 31, 2019 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 audited December 31, 2019 consolidated financial statements and other filings are available on SEDAR at www.sedar.com.

In the following discussion, the three months and year ended December 31, 2019 may be referred to as "Q4 2019" and "YE 2019" or "2019", respectively, the comparative three months and year ended December 31, 2018 may be referred to as "Q4 2018" and "YE 2018" or "2018", respectively, and the previous three month period ended September 30, 2019 may be referred to as "Q3 2019".

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. and Disposition of Participating Interest 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.

OPERATIONAL UPDATE

<u>TDF Concessions</u>

<u>La Angostura Concession</u>

On September 23, 2019, YPF announced that the offshore loading facilities at Cruz del Sur would be shut down for unscheduled maintenance and repairs, resulting in the cancellation of oil shipments. The repairs involve subsea inspection and work and are impacted by availability of replacement parts, weather and sea conditions. Repairs are ongoing with an estimated completion date of August 2020. In the interim, YPF is not accepting crude oil deliveries into storage. Work on constructing the Company's 28 km pipeline connecting the San Martin field with Cruz del Sur was completed during Q1 2020 but will remain offline until the terminal is reopened and shipping is resumed.

Oil production during Q4 2019 and Q1 2020 has been restricted due to the closure of Cruz del Sur and the limited transportation capacity to truck oil across the Argentine - Chile border for sale to Enap, the Chilean state oil company. On March 23, 2020, Enap announced the indefinite suspension of all oil deliveries due to an outbreak of COVID-19 at its terminal located at San Gregorio, Magallanes Province, Chile. Due to

limited storage capacity, the San Martin field was shut-in on March 24, 2020, and will remain so until the delivery suspension is lifted.

In late January 2020, the water cut from the SM x-1001 oil well had reached approximately 50% of the well's total fluid production, which had averaged 1,470 (net 511) bbls per day of oil from the upper Tobífera reservoir in December 2019. The well was shut-in and a workover to perforate and test the uppermost Tobífera section approximately 35m above the original perforated zone was performed in March 2020. During the 24 hour production test, the well flowed at an average rate of 2,010 (net 700) bbls per day of 35 API gravity oil through a 25mm choke at a flowing well head pressure of 232 psi with no reported water. SM x-1001 was placed back on restricted production on March 18, 2020 at an average rate of 724 (net 251) bbls of oil per day through an 8mm choke with negligible water cut and a flowing well head pressure of 587 psi. The well was shut-in again on March 24, 2020 as noted above.

A scheduled workover on oil well AS.x-1001 was completed during Q4 2019 and the well was placed back on production.

See the Liquidity and Capital Resources section of this MD&A.

Las Violetas Concession

No drilling was carried out on the Las Violetas concession during Q4 2019. The Q4 2019 workover scheduled for gas well LF-1029 has been deferred until the second half of 2020.

Prospect identification and evaluation to develop additional exploitation, step-out and appraisal locations on the TDF Concessions continues.

CLL Permit

The Company has a 100% working interest in the area covered by the CLL Permit, which is located in the northern portion of the Neuquén Basin in the Province of Mendoza, Argentina. As at December 31, 2019, the CLL Permit area totalled 100,907 acres.

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 Period 2 work obligation (the drilling of one exploration well) by October 22, 2019. In doing so, the Company accepted an additional work obligation to drill a second exploration well before the new October 22, 2019 deadline. On October 18, 2019, the Company requested (and subsequently received) an extension to February 23, 2020 to accommodate the drilling and evaluation of both wells.

The Company acquired 214 km2 of 3-D seismic in Q3 2018 in the northern CLL area at an aggregate budgeted cost of $4.5 million. The new seismic was used to finalize two exploration locations both of which were drilled during Q4 2019. The wells targeted Tertiary and upper Cretaceous sandstones which are hydrocarbon productive immediately north of the CLL Permit.

The first gas discovery well, SRM x-1001D, was spud in on October 20, 2019 and cased on November 2, 2019, after encountering five meters of oil bearing sands in the middle Tertiary Agua de Piedra formation. Extended production testing of SRM x-1001D was completed in late January 2020. Over a 7-day period, the well produced gas from the Agua de la Piedra Formation (Middle Tertiary) at an average rate of 3.5 mmcf per day at rates varying between 1.25 and 3.54 mmcf per day at flowing well head pressures ranging between 760 and 1,060 psi through choke sizes of 6 mm to 12 mm. The total volume of gas produced during the test period was 9.7 mmcf plus 150 bbls of formation water. Water production during the test period averaged 17 bbls per 1 mmcf of gas. The well remains suspended pending evaluation of commerciality.

The second well, SRM x-1002D, was drilled during the latter part of November 2019 and subsequently abandoned after finding no indications of hydrocarbons.

In February 2020, having completed the Period 2 work obligations, the Company elected to commit to the Period 3 one year term, and in doing so committed to drilling one exploration well on the CLL Permit before February 23, 2021. Under the terms of the CLL Permit, the Company is obliged to relinquish 50% of the acreage outstanding at the end of the Period 2 term at the request of the Province. As at the date of this MD&A, the Province had not yet made a relinquishment request.

OUTLOOK

Capital Spending

	Previous guidance for 2020	Updated guidance for 2020	Explanation
TDF Concessions ($)	5.2 million	1.4 million	Decline in commodity prices, COVID-19 virus
CLL Permit ($)	3.4 million	nil	Decline in commodity prices, COVID-19 virus
Total capital expenditures ($)	8.6 million	1.4 million	

The Company's capital spending for fiscal 2020 is budgeted at $1.4 million in TDF based on expenditures for the following proposed activities:

- Perform five well workovers: two in the Los Flamencos field and one in the San Luis field of the Las Violetas concession, one in the La Angostura concession and one in the Rio Chico concession;
- Improve water handling facilities at San Martin to increase production capacity; and
- Other improvements to facilities in TDF.

Investment in TDF has been significantly reduced and investment in the CLL Permit has been postponed due to a sharp decline in capital investment in Argentina as a consequence of the impact of the COVID-19 virus on both the Argentina and the global economy.

Crown Point expects to meet these obligations, along with its other anticipated expenses, using cash held in bank accounts, cash flow from operations, new debt and/or equity financings and potential joint venture arrangements. See the Liquidity and Capital Resources section of this MD&A.

Argentina – Economic Summary

During the first half of 2019, the economy had begun a slight recovery and tended towards fiscal balance. However, an increase in political and economic uncertainty after the Government of Mauricio Macri was defeated in primary elections severely affected Argentina's main economic variables. Argentina's economy has been affected by high volatility in the ARS / USD exchange rate, high levels of inflation, and high interest rates. The accumulated inflation rate for 2019 was 53.8% and the ARS devaluation against the USD for the same period reached 63.2%. As a result, bank credit shrank and the economic activity level continued to decline.

In an attempt to mitigate a greater loss of currency reserves, the Macri Government imposed temporary currency controls restricting foreign currency purchases and restoring the obligation to liquidate USD obtained from the sale of exported goods. These temporary currency controls affect the ability of Argentine companies to make external debt repayments denominated in USD and other foreign currencies.

Alberto Fernández was elected President of Argentina on October 27, 2019 and began his term on December 10, 2019. At the present time, the COVID-19 global pandemic is the main focus of the Government. In response, the Government has closed the country's borders to non-residents and established a national mandatory quarantine period until April 26, 2020, at which time the Government will evaluate what additional measures, if any, are required. During this time, economic activity has slowed substantially and inflation rates remain high.

The Company is unable to predict what, if any, new economic or other policies that President Fernández and his Government might implement or how the change in Government might impact the oil and gas industry in Argentina, in general, and the Company, in particular.

Commodity Prices

Oil

Oil from the Company's TDF Concessions is sold at a discount to the Brent price. During Q4 2019 and YE 2019, the Company received an average of $54.62 per bbl and $55.35 per bbl, respectively, for its TDF oil.

Natural gas

Crown Point can sell its natural gas production to both industrial and residential consumers. During Q4 2019 and YE 2019, the Company received an average of $2.00 per mcf and $3.58 per mcf, respectively, for sales of its TDF natural gas, most of which was sold to the industrial market.

ACQUISITION OF ST. PATRICK OIL & GAS S.A. AND DISPOSITION OF PARTICIPATING INTEREST

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 Rights of First Refusal Sale

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. All of St. Patrick's UTE Partners subsequently 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 16.83% participating interest (representing 65.27% of St. Patrick's 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, for which contingent consideration receivable has an estimated fair value of $3.8 million. As a result of the disposition, the Company's collective participating interest in the TDF Concessions decreased from 51.56% to 34.73%.

The Company recognized a $1.7 million loss on disposition of the participating interest pursuant to the ROFR Sale.

FINANCIAL INFORMATION

SUMMARY OF FINANCIAL INFORMATION

(expressed in $, except shares outstanding)	December 31 2019	December 31 2018	December 31 2017
Working capital (deficit)	1,831,197	(1,562,992)	685,653
Exploration and evaluation assets	10,920,359	9,032,994	6,013,387
Property and equipment	31,151,688	54,750,958	23,198,458
Non-current contingent consideration receivable (1)	1,634,740	–	–
Total assets	55,638,052	85,128,625	40,856,370
Non-current financial liabilities (2)	3,283,943	4,744,616	–
Share capital	56,456,328	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 December 31		Year ended December 31	
	2019	2018	2019	2018
Oil and natural gas sales revenue	5,840,383	19,406,279	41,198,036	48,667,242
(Loss) income before taxes	(2,001,435)	2,623,965	4,927,624	10,027,122
Net income	1,896,669	2,567,130	1,367,109	5,965,837
Net income per share (3)	0.03	0.04	0.02	0.10
Net cash (used by) from operating activities	(246,995)	7,713,567	13,002,163	21,635,531
Net cash per share – operating activities (3)	(0.00)	0.11	0.18	0.38
Funds flow from operating activities (4)	1,783,134	5,305,263	10,099,675	19,220,789
Funds flow per share – operating activities (3)(4)	0.02	0.07	0.14	0.33
Weighted average number of shares	72,903,038	72,903,038	72,903,038	58,209,170

(1) The total amount of contingent consideration receivable at December 31, 2019 is $2,367,389 (December 31, 2018 – $nil), of which $732,649 is classified as current.

(2) Non-current financial liabilities at December 31, 2019 are comprised of lease liabilities and the contingent consideration liability (December 31, 2018 – contingent consideration liability). The total amount of lease liabilities at December 31, 2019 is $950,377 of which $171,202 is classified as current. The total amount of contingent consideration liability outstanding at December 31, 2019 is $3,652,693, of which $1,147,925 is classified as current (December 31, 2018 – $7,066,546, of which $2,321,930 is classified as current).

(3) 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.

(4) "Funds flow from operating activities" and "Funds flow per share – operating activities" 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 December 31		Year ended December 31	
	2019	2018	2019	2018
Oil and gas revenue ($)	33.57	42.91	40.60	44.41
Royalties ($)	(4.84)	(7.00)	(6.19)	(7.37)
Export tax ($)	(1.77)	(4.03)	(2.69)	(1.71)
Operating costs ($)	(17.36)	(10.98)	(11.71)	(10.46)
Operating netback (1) ($)	9.60	20.90	20.00	24.87

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

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

Sales Volumes and Sales Revenues

Sales volumes	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Light oil (bbls)	87,961	274,701	573,046	576,251
NGL (bbls)	488	1,844	3,560	5,681
Natural gas (mcf)	513,253	1,054,081	2,628,876	3,083,719
Total BOE	173,922	452,225	1,014,753	1,095,885
Light oil bbls per day	956	2,986	1,570	1,579
NGL bbls per day	5	20	10	16
Natural gas mcf per day	5,579	11,457	7,202	8,449
Total BOE per day	1,891	4,915	2,780	3,002

Sales revenue	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Light oil ($)	4,804,163	15,271,494	31,720,649	34,817,624
NGL ($)	9,155	25,119	61,208	92,184
Natural gas ($)	1,027,065	4,109,666	9,416,179	13,757,434
Total sales revenue	5,840,383	19,406,279	41,198,036	48,667,242
Light oil per bbl ($)	54.62	55.59	55.35	60.42
NGL per bbl ($)	18.75	13.62	17.19	16.23
Natural gas per mcf ($)	2.00	3.90	3.58	4.46
Total sales revenue per BOE ($)	33.57	42.91	40.60	44.41

TDF Sales Volumes

During Q4 2019, the Company's average daily sales volumes were 1,891 BOE per day, down 25% from 2,518 BOE per day in Q3 2019 due mainly to lower production from natural gas wells combined with delivery restrictions at the Cruz del Sur terminal since September 17, 2019 that required the UTE to reduce production volumes from the San Martin oil wells, and down 62% from 4,915 BOE per day in Q4 2018 mainly due to the decrease in the Company's working interest in the TDF Concessions from 51.56% to 34.73% on April 26, 2019 (see the Acquisition of St. Patrick Oil & Gas S.A. and Disposition of Participating Interest section of this MD&A) and the delivery restrictions at the Cruz del Sur terminal.

TDF sales volumes were weighted as follows:

	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Light oil	51%	60%	57%	52%
NGL	0%	1%	0%	1%
Natural gas	49%	39%	43%	47%
Total	100%	100%	100%	100%

TDF Production Volumes

TDF average daily production volumes for Q4 2019 were 1,969 BOE per day, down 21% from 2,504 BOE per day in Q3 2019 mainly due to the aforementioned delivery restrictions, and down 51% from 4,046 BOE per day in Q4 2018 mainly due to the decrease in the Company's working interest in the TDF Concessions and the delivery restrictions.

Production volumes	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Light oil (bbls)	95,132	194,696	638,330	520,240
NGL (bbls)	433	1,862	3,692	5,691
Natural gas (mcf)	513,253	1,054,081	2,628,876	3,083,719
Total BOE	181,107	372,238	1,080,168	1,039,884
Light oil bbls per day	1,034	2,116	1,749	1,425
NGL bbls per day	5	20	10	16
Natural gas mcf per day	5,579	11,457	7,202	8,449
Total BOE per day	1,969	4,046	2,959	2,849

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 and/or by delivery restrictions arising as a result of repair and maintenance activities at the

shipping terminal. Oil and NGL sales volumes may include both previously inventoried volumes as well as current period production.

For the year ended December 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	
Acquisition	–		18,839		–		1,409	
Production	638,330	1,749	520,240	1,425	3,692	10	5,691	16
Sales	(573,046)	(1,570)	(576,251)	(1,579)	(3,560)	(10)	(5,681)	(16)
Disposition of participating interest	(24,435)		–		(1,132)		–	
Inventory, December 31	40,849		–		1,884		2,884	

TDF Revenues and Pricing

TDF revenue per BOE earned in Q4 2019 was approximately $33.57 per BOE, lower than $41.42 per BOE achieved in Q3 2019 and lower than $42.91 per BOE achieved in Q4 2018, mainly due to a decrease in the percentage of revenue from oil sales combined with a decrease in natural gas prices in Q4 2019.

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. Historically, sales to the residential market earned a lower price than sales to the industrial market. However, in 2019, non-conventional shale gas production by other companies increased dramatically and this increase in production, coupled with a lack of demand due to an economic recession, drove down the industrial market gas price considerably.

The price earned by the Company on TDF natural gas sales in Q4 2019 averaged $2.00 per mcf, down 44% from $3.56 per mcf earned in Q3 2019 and down 49% from $3.90 per mcf earned in Q4 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 Q4 2019, 92% of sales were to the industrial market at an average price of $1.90 per mcf and 8% were to the residential market at an average price of $2.95 per mcf (Q3 2019 – 77% industrial at $3.46 per mcf; 23% residential at $3.57 per mcf; Q4 2018 – 100% industrial at $3.90 per mcf).

Oil from Crown Point's TDF Concessions earned $54.62 per bbl in Q4 2019, up 1% from $53.83 per bbl in Q3 2019 due to an increase in the average price of Brent in Q4 2019 and down 2% from $55.59 per bbl in Q4 2018 due to a decrease in the year-over-year average price of Brent.

The price earned by the Company on TDF NGL sales was $18.75 per bbl in Q4 2019, down 1% from $18.93 per bbl in Q3 2019 and up 38% from $13.62 per bbl received in Q4 2018.

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

Export Tax

	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Export tax ($)	307,377	1,821,858	2,732,394	1,872,814
Export tax as a % of oil sales revenue	6%	12%	9%	5%
Export tax per BOE ($)	1.77	4.03	2.69	1.71

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. In late December 2019, the maximum of 4 ARS per 1 USD of export sales revenue was lifted and export tax rate was reduced to 8%.

The Company recognizes export taxes related to oil sales to the export market.

Export tax as a percentage of oil sales revenue decreased in Q4 2019 and is lower than in Q4 2018 due to the effect of the devaluation of ARS. See also the Foreign Exchange Gain (Loss) section of this MD&A.

Export tax as a percentage of oil sales revenue is higher in YE 2019 than YE 2018 as it was applicable for all of YE 2019 as compared to only the last four months of YE 2018.

Royalties

	Three months ended December 31		Year ended December 31	
	2019	**2018**	**2019**	**2018**
Provincial royalties ($)	842,049	3,166,419	6,281,807	8,072,307
Royalties as a % of total sales revenue	14%	16%	15%	17%
Royalties per BOE ($)	4.84	7.00	6.19	7.37

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

Operating Costs

	Three months ended December 31		Year ended December 31	
	2019	**2018**	**2019**	**2018**
Production and processing ($)	1,713,392	3,193,341	8,015,668	8,489,548
Transportation and hauling ($)	1,307,375	1,770,963	3,868,107	2,978,734
Total operating costs ($)	3,020,767	4,964,304	11,883,775	11,468,282
Production and processing per BOE ($)	9.85	7.06	7.90	7.75
Transportation and hauling per BOE ($)	7.51	3.92	3.81	2.72
Operating costs per BOE ($)	17.36	10.98	11.71	10.47

The Company incurs certain fixed operating costs regardless of the quantity of sales volumes. The increase in total operating costs per BOE is partly due to the decline in sales volumes in the 2019 periods as compared to the 2018 periods which results in a higher fixed portion of operating costs per BOE in 2019.

Production and processing costs per BOE are higher in the 2019 periods than in the 2018 periods due mainly to the decline in sales volumes and higher delivery expenses charged at the terminal which more than offset the lowering of costs resulting from the devaluation of the ARS against the USD. During 2019, the ARS declined 59% 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 per BOE are higher in the 2019 periods than in the 2018 periods due to the decline in sales volumes and the need to truck oil from the Company's San Martin wells to the Company's TDF facilities for storage. In addition, all oil was trucked to Chile for sale in Q4 2019 due to delivery restrictions at the terminal, as compared to previous 2019 quarters and YE 2018 for which only a portion of oil was trucked to Chile for sale.

Gas Processing Income

Gas processing income is related to adjustments received from YPF for gas processing from December 2016 to June 2019. During 2019, the Company recognized $534,830 of gas processing income.

G&A Expenses

	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Salaries and benefits ($)	343,618	287,737	1,705,832	935,815
Professional fees ($)	505,783	441,038	1,742,547	1,099,531
Office and general ($)	197,636	65,016	380,509	313,650
Travel and promotion ($)	66,176	12,160	208,152	117,056
	1,113,213	805,951	4,037,040	2,466,052

Salaries and benefits are higher in the 2019 periods than the 2018 periods due to bonuses granted to officers and employees combined with an increase in staffing levels which were partially offset by the devaluation of ARS against the USD which resulted in lower salary costs for Argentine employees in the 2019 periods.

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 the 2019 periods than the 2018 periods due mainly to geological and engineering consulting fees and legal fees.

Office and general expenses are higher in the 2019 periods than the 2018 periods due to Argentine Personal Assets Tax (also called wealth tax) that Crown Point Argentina S.A. ("CPESA") pays in respect of its investment in St. Patrick for which CPESA's exemption for good compliance expired at the end of 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 the 2019 periods than the 2018 periods as there were more trips between Argentina and Canada by management.

Depletion and Depreciation

	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
TDF depletion ($)	1,855,104	4,225,930	9,229,665	11,928,572
Depreciation ($)	53,310	17,565	218,132	63,569
	1,908,414	4,243,495	9,447,797	11,992,141
TDF depletion rate per BOE ($)	10.66	9.34	9.10	10.88

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 higher in Q4 2019 than Q4 2018 due mainly to a decrease in the proved plus probable reserves estimated in the externally prepared December 31, 2019 reserve report (4,081,833 BOE) as compared to the 2018 report (9,246,333 BOE). The decrease in proved plus probable reserves in the 2019 reserve report is attributable to the ROFR Sale, a significant reduction in gas prices in the domestic market in Argentina and the absence of a drilling campaign in 2019 to replace 2019 oil and gas production.

The December 31, 2019 reserve report (the "GCA Report") prepared by Gaffney, Cline & Associates Inc. ("Gaffney Cline") notes that after the December 31, 2019 effective date of the GCA Report and before its issuance, Gaffney Cline was made aware of a significant change in the performance of the SM x-1001 well, the main oil producer in the San Martin field. As described in the Operational Update section of this MD&A, in late January 2020 the well started producing large amounts of water with a notable decline in oil production. The GCA Report states that the full impact of this development has yet to be assessed, but it is clear that the reserve volumes reported in the GCA Report did not consider this unexpected performance and therefore may overstate the reserves of the San Martin field. The GCA Report also notes that since the effective date of the GCA Report various events have resulted in a material downward movement in the current oil price and that, if current oil prices remain low and the long term oil price outlook is revised

downward, there may be a material revision to the reserves volumes and net present values presented in the GCA Report.

Depreciation expense is higher in the 2019 periods than the 2018 periods due to the adoption of IFRS 16 Leases on January 1, 2019 which resulted in the recognition of right-of-use assets for certain lease obligations and related depreciation expense for the right-of-use assets. See the New Accounting Standards section of this MD&A.

Gain on Decommissioning Provision

During 2019, the previously expired Cañadón Ramirez concession, for which the Company had a related decommissioning provision, was granted to another company thereby releasing the Company from the obligation. As a result, the Company recognized a $183,104 gain on decommissioning provision in the 2019 consolidated statement of (loss) income and comprehensive (loss) income.

Share-based Payments

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 and vest one-third on the grant date and one-third on the first and second anniversaries of the grant date. The grant date fair value of the stock options was estimated to be $661,500 using the Black-Scholes pricing model.

During Q4 2019 and YE 2019, the Company recognized $83,177 and $466,414, respectively, (YE 2018 – $nil) of share-based payment expense. As at December 31, 2019, the balance of unvested share-based payments was $195,086.

Foreign Exchange Gain (Loss)

During Q4 2019 and YE 2019, the Company recognized a $384,580 foreign exchange loss and a $460,661 foreign exchange gain, respectively, compared to foreign exchange losses of $882,489 and $48,027, respectively, during Q4 2018 and YE 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 (1) as at:	December 31 2019	December 31 2018
CAD to USD	0.7714	0.7330
ARS to USD	0.0167	0.0266
USD to ARS	59.8700	37.6500

(1) Source Canadian Forex Exchange

In Crown Point, the translation of USD denominated foreign net monetary assets to CAD during 2019 resulted in a foreign exchange loss of approximately $113,000 (2018 – $332,000 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 2019 resulted in a foreign exchange gain of approximately $573,000 (2018 – $370,000 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 2019, the devaluation of ARS resulted in lower TDF operating costs and general and administrative expenses incurred in Argentina by approximately 25% (2018 - devaluation of ARS; lower by approximately 33%).

During 2019, the devaluation of ARS since December 31, 2018 resulted in a reduction in the USD equivalent of ARS denominated foreign currency denominated financial instruments by approximately $2,275,000

(2018– devaluation of ARS; reduction by approximately $2.9 million).

Net Finance Expense

During Q4 2019 and YE 2019, the Company earned $55,544 and $278,834, respectively, of interest income on interest-earning bank accounts compared to $73,284 and $85,314, respectively, in Q4 2018 and YE 2018.

During Q4 2019 and YE 2019, the Company incurred $66,871 and $811,892, respectively, of financing fees and bank charges compared to $266,339 and $817,839, respectively, in Q4 2018 and YE 2018. Financing fees and bank charges result primarily from bank taxes charged in Argentina on cash transfers which were comparable on a year-over-year basis.

During Q4 2019 and YE 2019, the Company incurred $nil and $3,069, respectively, of interest expense on bank debt compared to $94,569 and $294,015, respectively, in Q4 2018 and YE 2018. Interest expense is lower in 2019 than in 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 December 31		Year ended December 31	
	2019	**2018**	**2019**	**2018**
Current tax (recovery) expense ($)	(1,329,600)	2,223,731	7,410,296	4,614,581
Deferred tax recovery ($)	(2,568,504)	(2,166,896)	(3,849,781)	(553,296)
Total tax (recovery) expense ($)	(3,898,104)	56,835	3,560,515	4,061,285

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. During 2019, the Company paid $4,632,159 (ARS 203,555,468) to Argentine tax authorities for 2018 income taxes and $2,545,866 (ARS 152,447,051) related to 2019 income taxes.

The deferred tax recovery is related to increases/decreases in the Company's ARS denominated tax pools combined with the effect of a reduction in the tax rate applied to certain temporary tax differences and the devaluation of the ARS during the period on the translation of ARS denominated tax pools to USD. As at December 31, 2019, the Company's deferred tax liability was $3,479,723 (December 31, 2018 – $7,329,504).

CAPITAL EXPENDITURES

The Company recognized the following additions in exploration and evaluation ("**E&E**") assets during 2019 and 2018, primarily related to CLL. In the latter part of 2019, the Company drilled two exploration wells, one of which was abandoned after the absence of hydrocarbons was confirmed. The $927,471 of costs associated with the abandoned well have been reclassified to exploration and evaluation expense in the 2019 consolidated statement of (loss) income and comprehensive (loss) income.

	Year ended December 31	
	2019	**2018**
Cash expenditures ($)	2,747,438	3,028,110
Reclassified to exploration and evaluation expense ($)	(927,471)	–
Decommissioning revisions ($)	67,398	(8,503)
	1,887,365	3,019,607

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

	Year ended December 31	
	2019	2018
Drilling and completion in the TDF area ($)	5,736,312	6,262,715
Corporate assets ($)	104,565	86,163
Cash expenditures ($)	5,840,877	6,348,878
Acquisition of St. Patrick	–	35,623,800
Right-of-use-assets ($)	1,439,525	–
Decommissioning revisions ($)	1,576,491	940,050
Disposition of participating interest ($)	(27,228,360)	–
	(18,371,467)	42,912,728

During 2019, the Company incurred $5,736,312 of expenditures in the TDF area primarily related to the re-fracture stimulations of SM a-1003 and LR x -1001, the installation of facilities at SM a-1002, workovers on four wells and the installation of an oil pipeline at SM x-1001.

During 2018, the Company incurred $6,262,715 of expenditures in the TDF area primarily related to drilling and completion of the SM a-1002 well, completion of the LFE-1004 well, drilling of the SM a-1003 and LR x-1001 wells, construction of the gas line for the SM x-1001 well, and other facilities improvements.

IMPAIRMENT CONSIDERATIONS

Property and equipment

The Company identified indicators of impairment in relation to its TDF cash-generating unit ("CGU") as at December 31, 2019 (2018 – no indicators of impairment) and performed an impairment test. Management estimated the recoverable amount of the TDF CGU based on the higher of fair value less costs of disposal and its value in use. The estimated recoverable amount for the TDF CGU was based on 15% discounted after-tax cash flows expected to be derived from the TDF CGU's proved plus probable reserves from the externally prepared December 31, 2019 reserve report. As at December 31, 2019, the estimated recoverable amount of the TDF CGU was determined to be higher than the carrying amount resulting in no impairment recognized in 2019.

See the Results of Operations – Depletion and Depreciation section of this MD&A.

Goodwill

The recoverable amount of goodwill at December 31, 2019 and 2018 was determined as the fair value less costs of disposal using a discounted cash flow method and was assessed at the CGU level. The Company's key assumptions used in determining the fair value less costs of disposal include discounted net present value of the estimated future cash flows expected to arise from the continued use of the TDF CGU using a 15% discount rate (2018 – 13%). The impairment test of goodwill at December 31, 2019 and 2018 concluded that the estimated recoverable amount was higher than the carrying amount and therefore no goodwill impairment was recognized in 2019 or 2018.

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 2019, the Company reported net income of $1,367,109 and $10,099,675 of funds flow from operating activities. As at December 31, 2019, the Company had a $1,831,197 working capital surplus (December 31, 2018 – $1,562,992 working capital deficit), including $2,695,803 of cash held in bank accounts.

The Company's capital expenditure budget for fiscal 2020 is $1.4 million which reflects management's estimate of the minimum amount of capital expenditures necessary to keep the TDF Concessions operating smoothly given the uncertainty of severely depressed commodity prices, commodity price volatility and the impact the COVID-19 virus will have on the Argentine and global economies. The Company expects to meet these obligations, along with its other anticipated expenses, using cash held in bank accounts, cash flow

from operations, new debt and/or equity financings and potential joint venture arrangements. For details of the Company's fiscal 2020 capital expenditure program, see the Outlook section of this MD&A.

The Company has future capital commitments to develop its properties as described in the Commitments 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 Consideration Liability and Receivable

As at December 31, 2018, the Company had a $7,066,546 contingent consideration 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 2019, the Company made $1,150,775 of cash royalty payments to the Vendor. As at December 31, 2019, the Company re-measured the fair value of the contingent consideration liability at $3,652,693 (2018 – $7,066,546) resulting in a fair value adjustment of $2,263,078.

As part of the consideration for the disposition of a participating interest in the TDF Concessions pursuant to the ROFR Sale, the UTE Partners will make future payments to St. Patrick equal to their proportionate share of Contingent Royalty Payments that accrue following closing of the ROFR Sale on April 26, 2019. The fair value of the UTE Partners' proportionate share of contingent consideration on April 26, 2019 was estimated to be $3.8 million. During 2019, the Company collected $123,881 of cash royalty payments from the UTE Partners. As at December 31, 2019, the Company re-measured the fair value of the contingent consideration receivable at $2,367,389 resulting in a fair value adjustment of $1,340,843.

Argentina Loans

On December 7, 2018, the Company obtained a $1.7 million loan facility from Banco Macro secured by certain of the Company's accounts receivable to a maximum of $1.7 million applied against the loan when collected. The 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 December 31, 2019, and the date of this MD&A, no revenue has been earned from the CLL Permit.

During 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 $118,429 (ARS 4,774,529) (2018 – $233,663 (ARS 7,277,467)) of oil and gas revenue for its working interest share. Included in trade and other receivables as at December 31, 2019 is $nil (December 31, 2018 – $23,045 (ARS 864,431)) in respect of this revenue.

In 2018, Messrs. Pablo Peralta and Roberto Domínguez personally guaranteed the Company's payment obligations under certain loans (collectively, the "Loans"). Mr. Peralta is a director of the Company and is the President and a director of Liminar Energia S.A. ("**Liminar**") and controls 30% of the voting shares of Liminar. Mr. Domínguez controls approximately 30% of the voting shares of Liminar. Liminar owns approximately 59.5% of the Company's outstanding common shares. In consideration for the provision of the guarantee of the Loans, the Company agreed to pay to Messrs. Peralta and Domínguez an annual fee during the term of the Loans equal to 1% of the principal amount outstanding under the Loans on the date of such payment and annually thereafter on the anniversary date of the first payment. During Q4 2019 and YE 2019, the Company recognized $nil and $48,000, respectively, of a recovery of prior year loan guarantee fees due to the absence of Loans outstanding on the anniversary date of the first payment. During Q4 2018 and YE 2018, the Company recognized $17,000 and $152,832, respectively, of Loan guarantee fees.

On September 20, 2018, the Company paid a $3,340 loan guarantee fee to ST Inversiones S.A. in relation to the guarantee of another bank loan. Messrs. Peralta and Domínguez jointly control 100% of the voting shares of ST Inversiones S.A.

During Q4 2018 and YE 2018, the Company paid $nil and $30,342, respectively, of interest to CMS de Argentina S.A.in respect of a working capital loan. Messrs. Peralta and Dominguez jointly control 66% of the voting shares of CMS de Argentina S.A.

During Q4 2019 and YE 2019, the Company was charged $60,000 and $223,839, respectively, by Liminar for legal advisory services pursuant to a services agreement with an effective date of April 1, 2019. Included in trade and other payables as at December 31, 2019 is $24,200 payable to Liminar.

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

SUBSEQUENT EVENTS

Subsequent to December 31, 2019, crude oil benchmark prices decreased substantially due to a drop in global crude oil demand triggered by the impact of the COVID-19 virus on the global economy. In March 2020, crude oil prices decreased further due to a breakdown in negotiations between OPEC and non-OPEC partners regarding proposed production cuts. A subsequent tentative agreement between these countries to reduce crude oil production failed to have a positive impact on crude oil benchmark prices. The recent significant decline in crude oil prices and volatility in the crude oil pricing environment may continue and could impact the Company's earnings and cash flows.

In addition to these factors, one of the Company's wells had a significant change in performance in January 2020 which resulted in a notable decline in oil production. The full impact of the production decline has yet to be assessed. The Company's independent reservoir engineers did not consider the unexpected production decline in their reserve report as this event is subsequent to December 31, 2019 and the effective date of the reserve report. These factors may continue and could impact the Company's earnings, cash flows and valuation of assets.

On January 10, 2020, the Company obtained an ARS 44 million ($0.75 million) working capital loan from HSBC Bank Argentina S.A. at an interest rate of 49% per annum, calculated and payable monthly. The loan matured on April 10, 2020 and was renewed for an additional 90 days to July 10, 2020.

SHARE CAPITAL

Issued and outstanding	**Common Shares**	**Stock Options**
December 31, 2018	72,903,038	41,000
Expired May 9, 2019	–	(41,000)
Granted April 3, 2019	–	2,175,000
December 31, 2019 and date of MD&A	72,903,038	2,175,000

Reduction of stated capital

On May 28, 2019, the Company's shareholders approved a special resolution for the reduction of the stated capital account maintained in respect of the Company's common shares by $74,990,000 (CAD 100,000,000) on April 1, 2019. The reduction of the stated capital of the Company's common shares was offset by the elimination of the Company's April 1, 2019 deficit in the amount of $68,909,490 and a $6,080,510 increase to contributed surplus.

Return of capital

On November 15, 2019, the board of directors of the Company approved a reduction of the stated capital of the Company's common shares by way of a special distribution ("Return of Capital") to the Company's shareholders in the amount of $0.185 per common share for a Return of Capital of $13,487,063. The Return of Capital was first applied against contributed surplus, up to the amount of contributed surplus for share-based payments related to unvested options, resulting in a $13,188,176 reduction of contributed surplus with the remaining $298,887 applied against share capital.

DIVIDENDS

On June 7, 2019, the Company declared a quarterly cash dividend on its common shares of $0.01 per share ($729,030) for Q2 2019 which was paid on July 15, 2019.

On August 16, 2019, the Company declared a quarterly cash dividend on its common shares of $0.01 per share for Q3 2019 and a special cash dividend on its common shares of $0.015 per share, for a total cash dividend of $0.025 per share ($1,822,576). The quarterly dividend and the special dividend were paid on September 30, 2019.

In light of the Return of Capital, the board of directors determined not to declare a fourth quarter dividend and to suspend the Company's quarterly dividend payment until further notice.

COMMITMENTS

(a) TDF Concessions

As at December 31, 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 December 31, 2019 with respect to the TDF Concessions are as follows:

Concession	Term of Expenditure Period	Required Expenditure Commitment
Rio Cullen	Until August 2026	$0.62 million, none of which was spent as of December 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 December 31, 2019 required to be completed during each of the exploration periods:

Period	Term of Exploration Period	Required Work Commitment (1)
Period 3	February 23, 2021 (2)	1 exploration well at an estimated cost of $2.5 million

(1) 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.

(2) 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 3 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 December 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 consideration liability and receivable 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 $1,439,525 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 recognizing 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:	December 31 2019	September 30 2019	June 30 2019	March 31 2019	December 31 2018	September 30 2018	June 30 2018 (Restated)	March 31 2018
Working capital ($)	1,831,197	16,099,824	18,120,190	642,453	(1,562,992)	(4,974,493)	(7,626,412)	2,239,833
Oil and natural gas sales revenue ($)	5,840,383	9,595,656	13,749,812	12,012,185	19,406,279	16,560,691	7,158,826	5,541,446
Net income (loss) ($)	1,896,669	(319,888)	(3,187,847)	2,978,175	2,567,130	4,074,610	(948,682)	272,779
Basic and diluted net income (loss) per share (1) ($)	0.03	(0.00)	(0.04)	0.04	0.04	0.06	(0.02)	0.01
Net cash from (used by) operating activities ($)	(246,995)	3,752,375	3,629,514	6,050,373	7,713,567	4,516,249	7,366,472	2,039,243
Acquisition of St. Patrick ($)	–	–	–	–	–	–	21,744,682	–
Cash ROFR Sale proceeds ($)	–	–	17,536,795	–	–	–	–	–
Expenditures on property and equipment and E&E assets ($)	2,809,976	1,809,292	2,024,277	1,944,770	171,576	6,511,775	2,569,933	123,704
Total assets ($)	55,638,052	71,480,288	77,223,200	83,390,910	85,128,625	73,197,889	73,946,551	40,943,655
Bank debt ($)	–	–	–	–	1,700,000	4,000,000	4,000,000	216,227

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

Significant quarter-over-quarter variances in net income (loss) and working capital are explained below:

- Working capital decreased in Q4 2019 mainly due to the Return of Capital payment to shareholders.
- The Company reported net income for Q4 2019 mainly due to a reduction in current tax expense and a recovery of deferred taxes which offset the impact of lower oil and natural gas sales revenue.
- Net loss in Q3 2019 is lower than Q2 2019 mainly due to the loss on disposition of a participating interest in the TDF Concessions recognized in Q2 2019.
- Working capital decreased in Q3 2019 mainly due to the payment of dividends.
- Net income in Q2 2019 is lower than Q1 2019 mainly due to the loss on the disposition of a participating interest in the TDF Concessions and an increase in tax expense related to the taxation of the ROFR Sale by Argentine tax authorities.
- Working capital improved significantly in Q2 2019 due mainly to the ROFR Sale and funds flow from operating activities.
- 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 consideration 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 consideration 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.

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:

- the risk that global or national health concerns, including the outbreak of pandemic or contagious diseases, such as COVID-19 (coronavirus), may adversely affect us by (i) reducing global economic activity thereby resulting in lower demand for crude oil, NGLs and natural gas, (ii) impairing our supply chain (for example, by limiting the manufacturing of materials or the supply of services used in our operations), and (iii) affecting the health of our workforce and/or the workforce of our suppliers and/or customers, rendering employees unable to work or travel, thereby potentially impacting our ability to produce, transport and/or sell our crude oil, NGLs and natural gas;
- risks associated with the ability of OPEC and other oil and gas exporting nations to set and maintain production levels and influence prices for crude oil, including the recent failure of OPEC +, led by Saudi Arabia and Russia, to reach an agreement on constraining crude oil output to support global crude oil prices in the face of lower global demand arising from, among other things, the global response to the COVID-19 pandemic, which in turn resulted in certain OPEC member countries discounting prices on future crude oil deliveries and increasing crude oil supply in to the market;
- 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, significant increases in interest rates, lack of availability of credit, currency fluctuations between the USD, the CDN and the ARS and/or devaluations of the ARS, monetary and currency exchange controls, export controls, commodity price controls, export taxes and changes in royalty and tax rates;
- the risks associated with the recent election of a new President of Argentina and the change of the federal Government of Argentina, including that economic, political and/or regulatory conditions arise as a result that are adverse to the Company and/or the oil and natural gas industry in Argentina;
- the risk that the Company does not resume the payment of a quarterly cash dividend;
- 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, whether due to a change in well performance such as a well beginning to produce a significant amount of water after the effective date of the estimate, a material decline in commodity prices after the effective date of the estimate, or other developments;
- 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, the introduction of new 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, and delays arising as a result of the Company's inability to obtain the necessary governmental

approvals, including regulatory approvals relating to the protection of the environment;
- 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, or the need to halt or restrict production while such facilities receive maintenance or repairs;
- 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 having 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 existing credit facilities and/or repay the principal and interest owing under its 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.

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 “funds flow from (used by) operating activities” and "funds flow per share – operating activities" which should not be considered alternatives to, or more meaningful than, net cash flow from (used by) operating activities and net cash flow per share – operating activities as determined in accordance with IFRS as an indicator of the Company’s performance. Management uses funds flow from (used by) operating activities to analyze operating performance and considers funds flow from (used by) operating activities to be a key measure as it demonstrates the Company’s ability to generate cash necessary to fund future capital investment. Funds flow per share – operating activities 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 funds flow from (used by) operating activities to net cash from (used by) operating activities, which is the most directly comparable measure calculated in accordance with IFRS as follows:

	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Net cash (used by) from operating activities ($)	(246,995)	7,713,567	13,002,163	21,635,531
Decommissioning expenditures ($)	–	4,505	–	25,485
Change in non-cash working capital ($)	2,030,129	(2,412,809)	(2,902,488)	(2,440,227)
Funds flow from operating activities ($)	1,783,134	5,305,263	10,099,675	19,220,789
Weighted average number of shares	72,903,038	72,903,038	72,903,038	58,209,170
Funds flow per share – operating activities	0.02	0.07	0.14	0.33

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:

3-D - three dimensional
API - American Petroleum Institute gravity, being an indication of the specific gravity of crude oil measured on the API gravity scale
bbl - barrel
bbls - barrels
BOE - barrels of oil equivalent
km - kilometres
km2 - square kilometres
mcf - thousand cubic feet
mm - millimetres
mmcf - million cubic feet
NGL - natural gas liquids
psi - pounds per square inch
Q1 - three months ended March 31
Q2 - three months ended June 30
Q3 - three months ended September 30
Q4 - three months ended December 31
UTE - Union Transitoria de Empresas, which is a registered joint venture contract established under the laws of Argentina
YPF - 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 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 and focus in the TDF Concessions and CLL Permit, and certain planned future operations of the Company in furtherance of the Company's business strategy and focus; under "Operational Update – TDF Concessions", the operations that the Company intends to conduct on certain of its TDF Concession assets and the expected timing of certain operations, the estimated completion date for the repairs on Cruz del Sur, the Company's expected timing for workover on LF-1029, 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; under "Outlook – Capital Spending", our estimated capital expenditures for fiscal 2020, the allocation of such capital expenditures between our TDF Concessions and CLL Permit, the operational activities that we expect to complete during fiscal 2020, and our expectations for how we will fund our capital programs during these periods; under "Acquisition of St. Patrick Oil & Gas S.A. and Disposition of Participating Interest", the amount of contingent royalty payment; 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, our expectations for how we will fund our capital expenditure program in 2020 and the use of additional funds flow if more of the Company's properties become economic and productive; under "Subsequent Events", the maturity date of the working capital loan from HSBC Bank Argentina S.A.; under "Commitments", the terms of the expenditure commitments in the TDF Concessions and the CLL Permit. 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.

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 (and the duration thereof) that the COVID-19 (coronavirus) pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) our supply chain, including our ability to obtain the equipment and services we require, and (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas; the ability of OPEC+ nations and other major producers of crude oil to reduce crude oil production and thereby arrest and reverse the steep decline in world crude oil prices; when the Company will be able to resume shipments of crude oil via the offshore loading facilities at Cruz del Sur and via truck to Enap and as a result restart production at the San Martin field; 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 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 continued suspension of the Company's quarterly dividend for the foreseeable future; 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 Argentina; 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 in the CLL Permit in the Province of Mendoza. 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.

Initial Production or Test Rates

Any references in this document to initial production or production test rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Initial production rates may be estimated based on other third party estimates or limited data available at this 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 MD&A, initial production or test 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. 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 or on the Company's website at www.crownpointenergy.com.