

FOR IMMEDIATE RELEASE  
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CWV: TSX.V

## **Crown Point Announces Operating and Financial Results for the Three and Six Months Ended June 30, 2020**

**TSX-V: CWV: Crown Point Energy Inc. ("Crown Point", the "Company" or "we")** today announced its operating and financial results for the three and six months ended June 30, 2020.

Copies of the Company's unaudited condensed interim consolidated financial statements and management's discussion and analysis ("**MD&A**") filings for the three and six months ended June 30, 2020 are being filed with Canadian securities regulatory authorities and will be made available under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.crownpointenergy.com](http://www.crownpointenergy.com). **All dollar figures are expressed in United States dollars ("USD") unless otherwise stated.** References to "**ARS**" are to Argentina Pesos.

In the following discussion, the three and six month periods ended June 30, 2020 may be referred to as "Q2 2020" and "the June 2020 period", respectively, and the comparative three and six month periods ended June 30, 2019 may be referred to as "Q2 2019" and "the June 2019 period", respectively.

### **Q2 2020 SUMMARY**

During Q2 2020, the Company:

- Reported net cash used by operating activities of \$0.5 million and funds flow used by operating activities of \$0.1 million;
- Stored all Q2 2020 oil production in inventory due to the continued closure of the Argentina-Chile border and on-going repair work at Cruz del Sur;
- Earned \$0.9 million of natural gas sales revenue on average daily sales volumes of 775 BOE per day, down from \$13.7 million of oil and natural gas revenue earned on average daily sales volumes of 3,261 BOE per day in Q2 2019 due to the disposition of a 16.83% participating interest in the Company's Tierra del Fuego concessions in April 2019 combined with the lack of oil sales in Q2 2020;
- Received an average of \$2.24 per mcf for natural gas compared to \$4.19 per mcf for natural gas and \$57.12 per bbl for oil received in Q2 2019;
- Reported an operating netback of \$(0.05) per BOE, down from \$24.46 per BOE in Q2 2019 due to the lack of oil sales in Q2 2020 and the drop in natural gas prices in Argentina combined with overall higher per BOE operating costs due to the decrease in sales volumes;
- Implemented procedures to reduce the variable and fixed operating costs of producing properties in the TDF Concessions which measures are expected to lead to reduced costs per BOE commencing in Q3 2020;
- Further reduced the 2020 capital spending budget by an additional \$0.2 million for the deferral of four well workovers to 2021; and
- Obtained \$0.7 million (ARS 50 million) of short-term working capital loans.

## **OPERATIONAL UPDATE**

### **Tierra del Fuego Concession ("TDF")**

#### La Angostura Concession

Production from the San Martin field was shut-in on March 24, 2020 when truck deliveries to the Enap terminal located at San Gregorio, Magallanes Province, Chile were halted due to an outbreak of COVID-19 and the closure of the Argentine-Chile border. The San Martin field remained shut-in during the second quarter due to ongoing repair work by YPF at Cruz del Sur and the continued closure of the Argentina – Chile border due to the COVID-19 pandemic.

The Cruz del Sur repair work was completed in early August 2020 and it is expected that the offshore loading facility will be operational in late August 2020. The Company has scheduled the export and sale of approximately 27,000 bbls of oil held in stock at Cruz del Sur before the end of August 2020.

Due to the uncertainty and volatility created by COVID-19, the Company is unable to predict when the Argentina – Chile border will reopen.

Prior to its shut-in, the San Martin field production for March 2020 averaged 1,600 (net 556) bbls per day of oil. Production from the field will be reactivated in September 2020 for delivery of oil to Cruz del Sur for storage and sale.

#### Las Violetas Concession

Production from the Las Violetas concession remained uninterrupted during the June 2020 period. No drilling was carried out on the concession during the June 2020 period. The workover for gas well LF-1029 originally scheduled in the second half of 2020 has been deferred.

#### Rio Cullen Concession

Production from the Rio Cullen concession was shut-in on March 24, 2020 due to reduced commodity prices.

### **Cerro de Los Leones ("CLL") Exploration Permit**

As at June 30, 2020, the Company is committed to drilling one exploration well on the CLL exploration permit before February 23, 2021 under the Period 3 one-year term of the permit.

## **OUTLOOK**

The Company's capital spending for fiscal 2020 is budgeted at \$0.7 million in TDF based on expenditures for the following proposed activities:

- Perform a workover on the SM x-1001 well in the La Angostura concession; and
- Other improvements to facilities in TDF.

During the June 2020 period, the Company incurred \$0.5 million of capital expenditures in TDF on facilities improvements and a workover on SM x-1001 which restored its water-free productivity.

Four well workovers have been deferred to 2021. Investment in TDF has been significantly reduced and investment in CLL 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 Argentina and the global economy.

## **ARGENTINA – COVID-19 AND ECONOMIC SUMMARY**

In response to COVID-19, the Government has closed the country's borders to non-residents. The mandatory quarantine period was extended to August 30, 2020 for Buenos Aires and its outskirts but has been relaxed elsewhere in the country. During this time, economic activity has slowed substantially and inflation rates remain

high.

COVID-19 continues to have the potential to further disrupt the Company's operations, projects and financial condition through, among other things, the disruption of the local or global supply chain and transportation services, or the loss of manpower resulting from quarantines that affect the Company's labour pools in local communities or operating sites which may require the Company to temporarily reduce or shutdown its operations depending on their extent and severity.

On May 18, 2020, the Government signed a decree to set the price for 34°API Medanito light sweet crude oil at \$45 per bbl, establishing a benchmark for the country's other crude grades such as heavy sweet Escalante. The \$45 per bbl price will be adjusted for each type of crude oil by quality and other inputs such as loading port and local market factors. The measure, which is not retroactive and will remain in place until the end of the year, is subject to quarterly revisions as long as the Brent price does not exceed \$45 per bbl for 10 straight days.

## SUMMARY OF FINANCIAL INFORMATION

(expressed in \$, except shares outstanding)	June 30 2020	December 31 2019	December 31 2018
Working capital (deficit)	1,525,635	1,831,197	(1,562,992)
Exploration and evaluation assets	11,148,966	10,920,359	9,032,994
Property and equipment	20,252,175	31,151,688	54,750,958
Non-current contingent consideration receivable	–	1,634,740	–
Total assets	38,136,707	55,638,052	85,128,625
Non-current financial liabilities	738,616	3,283,943	4,744,616
Share capital	56,456,328	56,456,328	131,745,215
Total common shares outstanding	72,903,038	72,903,038	72,903,038

(expressed in \$, except shares outstanding)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Oil and natural gas sales revenue	949,305	13,749,812	5,269,544	25,761,997
Impairment of property and equipment and goodwill	–	–	9,985,549	–
(Loss) income before taxes	(1,079,806)	2,108,578	(11,891,449)	5,425,631
Net (loss) income	(651,385)	(3,187,847)	(9,327,935)	(209,672)
Net (loss) income per share <sup>(1)</sup>	(0.01)	(0.04)	(0.13)	(0.00)
Net cash (used by) from operating activities	(506,003)	3,629,514	(984,937)	9,679,887
Net cash per share – operating activities <sup>(1)</sup>	(0.01)	0.05	(0.01)	0.13
Funds flow (used by) from operating activities <sup>(2)</sup>	(118,304)	2,357,989	371,653	6,093,069
Funds flow per share – operating activities <sup>(1)(2)</sup>	(0.00)	0.03	0.01	0.08
Weighted average number of shares	72,903,038	72,903,038	72,903,038	72,903,038

(1) 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.

(2) "Funds flow (used by) from operating activities" and "Funds flow per share – operating activities" are non-IFRS measures. See "Non-IFRS Measures" in the "Advisory" section of this press release and in the Company's June 30, 2020 MD&A for a reconciliation of these measures to the nearest comparable IFRS measures.

## TDF Sales Volumes

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Light oil bbls per day	–	2,163	422	1,889
NGL bbls per day	3	10	3	14
Natural gas mcf per day	4,627	6,530	4,915	8,771
Total BOE per day	775	3,261	1,244	3,365

## TDF Operating Netback

Per BOE	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Oil and natural gas revenue (\$)	13.47	46.33	23.27	42.30
Export tax (\$)	(0.06)	(3.55)	(1.18)	(3.10)
Royalties (\$)	(2.04)	(7.15)	(3.47)	(6.38)
Operating costs (\$)	(11.42)	(11.17)	(14.68)	(10.25)
Operating netback <sup>(1)</sup> (\$)	(0.05)	24.46	3.94	22.57

(1) "Operating netback" is a non-IFRS measure. See "Non-IFRS Measures" in the "Advisory" section of this press release.

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## About Crown Point

Crown Point Energy Inc. is an international oil and gas exploration and development company headquartered in Calgary, Canada, incorporated in Canada, trading on the TSX Venture Exchange and operating in South America. Crown Point's exploration and development activities are focused in two of the largest producing basins in Argentina, the Austral basin in the province of Tierra del Fuego and the Neuquén basin, in the province of Mendoza. Crown Point has a strategy that focuses on establishing a portfolio of producing properties, plus production enhancement and exploration opportunities to provide a basis for future growth.

### Advisory

*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 press release contains the terms "funds flow (used by) from operating activities" and "funds flow per share – operating activities" which should not be considered alternatives to, or more meaningful than, net cash (used by) from operating activities and net cash per share – operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Management uses funds flow (used by) from operating activities to analyze operating performance and considers funds flow (used by) from 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. For a reconciliation of funds flow (used by) from operating activities to net cash (used by) from operating activities, which is the most directly comparable measure calculated in accordance with IFRS, see the Company's MD&A.*

*This press release also contains other industry benchmarks and terms, including "operating netbacks" (calculated on a per unit basis as oil, natural gas and NGL revenues less royalties, export tax and operating costs), which is a non-IFRS measure. See "TDF 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 (loss) 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:** "API" means American Petroleum Institute gravity, being an indication of the specific gravity of crude oil measured on the API gravity scale; "bbl" means barrel; "bbls" means barrels; "BOE" means barrels of oil equivalent; "m" means meters; "mm" means millimeters; "mcf" means thousand cubic feet, "mmcf" means millions cubic feet, "NGL" means natural gas liquids; "psi" means pounds per square inch; "Q3" means the three months ended September 30; and "YPF" means Yacimientos Petrolíferos Fiscales S.A. All BOE conversions in this press release 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 price of crude oil as compared to natural gas in Argentina from time to time may be different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

**Forward-looking Information:** This document 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 document 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 press release contains forward-looking information concerning, among other things, the following: under "Q2 2020 Summary", our belief that the procedures that we have implemented to reduce the variable and fixed operating costs of producing properties in the TDF Concessions are expected to lead to reduced costs per BOE commencing in Q3 2020; under "Operational Update – Tierra del Fuego Concession", the Company's expectations as to when the Cruz del Sur offshore loading facility will be operational, when the Company will resume shipping oil from the facility and when the San Martin field will resume production; under "Outlook", our estimated capital spending for fiscal 2020 and the operational activities that we expect to complete during fiscal 2020; under "Argentina – COVID-19 and Economic Summary", COVID-19's potential to further disrupt our operations, projects and financial condition and the ways in which that might occur and the expected terms and duration of the Argentine government's recent decree establishing price controls for crude oil in Argentina; under "About Crown Point", all elements of the Company's business strategy and focus. The reader is cautioned that such information, although considered reasonable by the Company, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided in this document 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 document including, but not limited to, the following: the risks and other factors described under "Business Risks and Uncertainties" in our MD&A for the three and six months ended June 30, 2020 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 document, 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 and willingness of OPEC+ nations, Russia and other major producers of crude oil to reduce crude oil production and thereby impact global 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 Argentine peso against the USD on the Company; the amount of royalties that the Company will have to pay to a third party vendor of assets and the ability of the Company to recover a portion of such royalties from its joint venture partners; 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 and government price controls thereon such as the recent decree establishing price controls for crude oil in Argentina);

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 document 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 document are expressly qualified by this cautionary statement. The forward-looking information contained herein is made as of the date of this document 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.

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