

FOR IMMEDIATE RELEASE  
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CWV: TSX.V

## **Crown Point Announces Operating and Financial Results for the Three and Nine Months Ended September 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 nine months ended September 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 nine months ended September 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 nine month periods ended September 30, 2020 may be referred to as “Q3 2020” and “the September 2020 period”, respectively, and the comparative three and nine month periods ended September 30, 2019 may be referred to as “Q3 2019” and “the September 2019 period”, respectively.

### **Q3 2020 SUMMARY**

During Q3 2020, the Company:

- Reported net cash from operating activities of \$0.03 million and funds flow used by operating activities of \$0.5 million;
- Earned \$2.4 million of oil and natural gas sales revenue on average daily sales volumes of 1,240 BOE per day, down from \$9.6 million of oil and natural gas sales revenue earned on average daily sales volumes of 2,518 BOE per day in Q3 2019 due to lower production from natural gas wells due to natural decline rates combined with delivery restrictions at the Cruz del Sur terminal that required the UTE to shut-in the San Martin field from March 24, 2020 to September 4, 2020;
- Received an average of \$2.46 per mcf for natural gas and \$30.99 per bbl for oil compared to \$3.56 per mcf for natural gas and \$53.83 per bbl for oil received in Q3 2019;
- Reported an operating netback of \$4.17 per BOE, down from \$21.08 per BOE in Q3 2019 due to lower sales volumes and the drop in oil and natural gas prices in Argentina combined with overall higher per BOE operating costs due to the decrease in sales volumes;
- Commenced the transport of oil through the newly commissioned Company-owned oil pipeline (the “San Martin oil pipeline”) connecting the San Martin field to the Cruz del Sur facility for storage and subsequent sale, negating the need for certain trucking and lowering transportation costs;
- Repaid \$0.6 million (ARS 42.7 million) and obtained \$1.2 million (ARS 85.2 million) of short-term working capital loans.

## OPERATIONAL UPDATE

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

#### La Angostura Concession

Repair work at the YPF operated Cruz del Sur oil storage and offshore tanker loading facility was completed and the facility was reopened in August 2020. On August 31, 2020, the Company sold 27,173 bbls of oil, held in stock at Cruz del Sur since September 2019.

On September 4, 2020, oil production from the San Martin oil pool, previously shut in on March 24, 2020 due to low pricing and no export access, was restarted at an initial restricted average rate of 1,475 (net 512) bbls of oil per day. During October 2020 oil production was increased to an average of 2,328 (net 809) bbls of oil per day. Oil is now transported through the San Martin oil pipeline.

#### Las Violetas Concession

Natural gas production from the Las Violetas concession remained uninterrupted during the September 2020 period. Oil produced in association with natural gas production was being trucked to and stored at Total's Rio Cullen offshore loading facility and subsequently sold in conjunction with Total oil sales in July and September 2020 for an average price of \$31.11 per bbl. With the reopening of the Cruz del Sur facility in late August 2020, associated oil production is now trucked to the San Martin field, blended with San Martin oil and transported via the San Martin oil pipeline to Cruz del Sur for storage and sale.

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

As at September 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 the last quarter of 2020 is budgeted at \$0.5 million for improvements to facilities in TDF and one well workover on the La Angostura concession.

The Company's capital spending for fiscal 2021 is budgeted at \$1.5 million in TDF based on expenditures for ongoing improvements to facilities in TDF.

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 federal government has closed the country's borders to non-residents. The mandatory country-wide quarantine period was suspended on November 2, 2020, with certain restrictions remaining in place. 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 shut down its operations depending on their extent and severity.

The May 28, 2020 federal government decree which set the price for 34°API Medanito light sweet crude oil at \$45 per bbl (the "**\$45 Barril Criollo**") (which was adjusted for each type of crude oil by quality and other inputs), was repealed on August 28, 2020 following a 10-day period during which the Brent price exceeded \$45 per bbl.

In conjunction with the repeal of the decree, the export tax on crude oil sales was reinstated. The rate of export tax is determined by a formula based on the price of Brent oil, ranging from 0% when the price of Brent oil is at or below \$45 per bbl to a maximum of 8% when the price of Brent oil is at or higher than \$60 per bbl.

## SUMMARY OF FINANCIAL INFORMATION

| (expressed in \$, except shares outstanding)    | September 30<br>2020 | December 31<br>2019 | December 31<br>2018 |
|---|----------------------|---------------------|---------------------|
| Working capital (deficit)                       | 714,010              | 1,831,197           | (1,562,992)         |
| Exploration and evaluation assets               | 11,153,047           | 10,920,359          | 9,032,994           |
| Property and equipment                          | 19,208,135           | 31,151,688          | 54,750,958          |
| Non-current contingent consideration receivable | –                    | 1,634,740           | –                   |
| Total assets                                    | 36,976,713           | 55,638,052          | 85,128,625          |
| Non-current financial liabilities               | 737,129              | 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<br>September 30 |            | Nine months ended<br>September 30 |            |
|---|------------------------------------|------------|-----------------------------------|------------|
|   | 2020                               | 2019       | 2020                              | 2019       |
| Oil and natural gas sales revenue                             | 2,435,673                          | 9,595,656  | 7,705,217                         | 35,357,653 |
| Impairment of property and equipment and goodwill             | –                                  | –          | 9,985,549                         | –          |
| (Loss) income before taxes                                    | (1,470,425)                        | 1,503,428  | (13,361,874)                      | 6,929,059  |
| Net (loss) income   | (1,276,965)                        | (319,888)  | (10,604,900)                      | (529,560)  |
| Net (loss) income per share <sup>(1)</sup>                    | (0.02)                             | (0.00)     | (0.15)                            | (0.01)     |
| Net cash (used by) from operating activities                  | 26,128                             | 3,752,375  | (958,809)                         | 13,432,262 |
| Net cash per share – operating activities <sup>(1)</sup>      | 0.00                               | 0.05       | (0.01)                            | 0.18       |
| Funds flow (used by) from operating activities <sup>(2)</sup> | (530,418)                          | 2,406,576  | (158,765)                         | 8,499,645  |
| Funds flow per share – operating activities <sup>(1)(2)</sup> | (0.01)                             | 0.03       | (0.00)                            | 0.12       |
| Weighted average number of shares                             | 72,903,038                         | 72,903,038 | 72,903,038                        | 72,903,038 |

<sup>(1)</sup> All per share figures are based on the basic weighted average number of shares outstanding in the period. The effect of options is anti-dilutive. Per share amounts may not add due to rounding.

<sup>(2)</sup> "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 September 30, 2020 MD&A for a reconciliation of these measures to the nearest comparable IFRS measures.

## TDF Sales Volumes

|                         | Three months ended<br>September 30 |       | Nine months ended<br>September 30 |       |
|-------------------------|------------------------------------|-------|-----------------------------------|-------|
|                         | 2020                               | 2019  | 2020                              | 2019  |
| Light oil bbls per day  | 503                                | 1,556 | 449                               | 1,777 |
| NGL bbls per day        | –                                  | 6     | 2                                 | 11    |
| Natural gas mcf per day | 4,423                              | 5,741 | 4,749                             | 7,750 |
| Total BOE per day       | 1,240                              | 2,518 | 1,243                             | 3,080 |

## TDF Operating Netback

| Per BOE                               | Three months ended<br>September 30 |         | Nine months ended<br>September 30 |         |
|---------------------------------------|------------------------------------|---------|-----------------------------------|---------|
|                                       | 2020                               | 2019    | 2020                              | 2019    |
| Oil and natural gas revenue (\$)      | 21.34                              | 41.42   | 22.63                             | 42.05   |
| Export tax (\$)                       | 0.12                               | (2.31)  | (0.74)                            | (2.88)  |
| Royalties (\$)                        | (4.39)                             | (6.71)  | (3.78)                            | (6.47)  |
| Operating costs (\$)                  | (12.90)                            | (11.32) | (14.09)                           | (10.55) |
| Operating netback <sup>(1)</sup> (\$) | 4.17                               | 21.08   | 4.02                              | 22.15   |

(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; 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. 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 "Outlook", our estimated capital spending for the last quarter of 2020 and fiscal 2021 and the operational activities that we expect to complete during the last quarter of 2020 and fiscal 2021; under "Argentina – COVID-19 and Economic Summary", COVID-19's potential to further disrupt our operations, projects and financial condition, the ways in which that might occur, and the actions the Company may have to take in response thereto; 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 nine months ended September 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, (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas, and (iv) the ability of our customers, joint venture partners and other contractual counterparties to comply with their contractual obligations to us; 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; 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 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);

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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