

FOR IMMEDIATE RELEASE  
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CWV: TSX.V

## **Crown Point Announces Operating and Financial Results for the Three Months Ended March 31, 2021**

**TSX-V: CWV: Crown Point Energy Inc. ("Crown Point", the "Company" or "we")** today announced its operating and financial results for the three months ended March 31, 2021.

Copies of the Company's March 31, 2021 unaudited condensed interim consolidated financial statements and management's discussion and analysis ("MD&A") filings 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 months ended March 31, 2021 may be referred to as "Q1 2021" and the comparative three months ended March 31, 2020 may be referred to as "Q1 2020".

### **Q1 2021 SUMMARY**

During Q1 2021, the Company:

- Was awarded, together with partner Petrolera Aconcagua Energía ("Aconcagua"), a 25 year exploitation license for the 40.6 km<sup>2</sup> Chañares Herrados producing oil block (the "CH Concession"), located in the Cuyo Basin approximately 50 km south of Mendoza City, Province of Mendoza. The Company and Aconcagua each hold a 50% working interest in the CH Concession which will be operated by Aconcagua.

Consideration for the exploitation license was a cash payment of \$8.33 million (\$4.17 million net to Crown Point) to the Province. Under the terms of the exploitation license agreement, the joint venture will pay a 13% royalty on oil production and commit to an \$85.7 million (\$42.85 million net to Crown Point) ten-year work program which includes well work overs, infrastructure optimization and a multi-well drilling program.

- Recognized an \$8.2 million gain on the acquisition of the 50% working interest in the Chañares Herrados Concession;
- Reported net income of \$8.1 million as compared to a net loss of \$8.7 million in Q1 2020;
- Raised \$5.3 million of net proceeds from the issuance of \$3.38 million principal amount of Class I notes payable and \$2.07 million (ARS 190 million) principal amount of Class II notes payable. The Class I and Class II notes payable are repayable in eight equal installments commencing on July 1, 2022 until the maturity date of March 31, 2024 and bear interest at 8% per annum and BALDAR Privados (currently 34%) plus 6.75% per annum, respectively.
- Reported net cash provided by operating activities of \$1.6 million and funds flow from operating activities of \$0.5 million as compared to Q1 2020 which reported \$0.5 million of net cash used by operating activities and \$0.5 million of funds flow from operating activities;
- Earned \$3.5 million of oil and natural gas sales revenue on total average daily sales volumes of 1,310 BOE per day, down from \$4.3 million of oil and natural gas sales revenue earned on total average daily sales volumes of 1,714 BOE per day in Q1 2020 due to ongoing natural decline rates in gas production and lower oil sales due to shipping delays;
- Received an average of \$1.80 per mcf for natural gas and \$56.16 per bbl for oil compared to \$2.01 per mcf for natural gas and \$43.83 per bbl for oil received in Q1 2020;
- Reported an operating netback of \$13.01 per BOE, up from \$5.75 per BOE in Q1 2020 due to the

increase in oil prices in Argentina and a reduction in per BOE operating costs due to lower transportation and hauling costs;

- Repaid \$0.7 million (ARS 60.2 million) and obtained \$0.6 million (ARS 50 million) of short-term working capital loans; and
- Reported a working capital surplus of \$4.0 million.

#### **SUBSEQUENT TO Q1 2021, THE COMPANY:**

- Made the \$4.17 million payment to the Province of Mendoza for the acquisition of the 50% working interest in the CH Concession; and
- Repaid \$0.27 million (ARS 25 million) of short-term working capital loans and \$0.06 million (ARS 5.8 million) of accrued interest.

#### **OPERATIONAL UPDATE**

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

###### La Angostura Concession

During Q1 2021, San Martin oil production averaged 1,795 (net 623) bbls of oil per day. Oil is now transported through the San Martin oil pipeline connecting the field to the Cruz del Sur facility for storage and subsequent sale. A workover was performed on SM x-1001 in mid-February to shut off the original perforations at 1910-1913 m with a packer set at 1902 m, and perform an acid stimulation on the upper perforations at 1871-1876 m before placing the well back on stream on February 17, 2021.

###### Las Violetas Concession

During Q1 2021, natural gas production from the Las Violetas concession averaged 13,054 (net 4,537) mcf per day and oil production averaged 375 (net 130) bbls of oil per day. Oil produced in association with natural gas production is 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.

##### **Chañares Herrados ("CH") Concession**

On March 13, 2021, the Crown Point – Aconcagua joint venture took over operatorship of the CH Concession. By the end of March 2021, workovers on four shut-in oil wells had been carried out and the wells placed back on production. Average oil production for the 18 day period from March 13 to March 31 was 650 (net 325) bbls of oil per day.

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

In February 2021, Mendoza Province issued Resolution N°6/2021 which extended the Period 3 term of the CLL exploration permit by one year to February 23, 2022 and confirmed that the CLL permit area remains at 100,907 acres. The Company is committed to drilling one exploration well on the CLL permit by February 22, 2022.

#### **OUTLOOK**

The Company's capital spending for fiscal 2021 is budgeted at \$6.8 million comprised of \$1.6 million for ongoing improvements to facilities in TDF, \$2.7 million for well workovers, facilities improvements and optimization in CH and \$2.5 million to drill one exploration well on the CLL exploration permit.

#### **ARGENTINA – COVID-19**

In response to COVID-19, the federal government has closed the country's borders to non-residents. In recent weeks, Argentina has been hard-struck by a second wave of COVID-19 and its variants. The country has been

divided into four zones of “epidemiological and sanitary risk”, ranging from low, medium, high and alarm, and an 8:00 p.m. curfew is in place, except for essential workers. These new measures are currently expected to be in place until May 21, 2021.

## SUMMARY OF FINANCIAL INFORMATION

(expressed in \$, except shares outstanding)	March 31 2021	December 31 2020	December 31 2019
Working capital	4,026,325	3,021,590	1,831,197
Exploration and evaluation assets	11,182,557	11,182,557	10,920,359
Property and equipment	34,002,861	16,358,182	31,151,688
Non-current contingent consideration receivable	–	–	1,634,740
Total assets	56,783,299	33,687,340	55,638,052
Non-current financial liabilities	5,855,917	972,765	3,283,943
Share capital	56,456,328	56,456,328	56,456,328
Total common shares outstanding	72,903,038	72,903,038	72,903,038

(expressed in \$, except shares outstanding)	Three months ended March 31	
	2021	2020
Oil and natural gas sales revenue	3,528,369	4,320,239
Gain on acquisition of working interest	8,182,410	–
Impairment of property and equipment and goodwill	–	9,985,549
Income (loss) before taxes	7,583,879	(10,811,643)
Net income (loss)	8,096,106	(8,676,550)
Net income (loss) per share <sup>(1)</sup>	0.11	(0.12)
Net cash (used by) from operating activities	1,555,521	(478,934)
Net cash per share – operating activities <sup>(1)</sup>	0.02	(0.01)
Funds flow from operating activities <sup>(2)</sup>	519,933	489,957
Funds flow per share – operating activities <sup>(1)(2)</sup>	0.01	0.01
Weighted average number of shares	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 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 March 31, 2021 MD&A for a reconciliation of these measures to the nearest comparable IFRS measures.

## Sales Volumes

	TDF	CH	Three months ended March 31	
			2021	2020
Light oil bbls per day	481	71 <sup>(1)</sup>	552	844
NGL bbls per day	2	–	2	3
Natural gas mcf per day	4,537	–	4,537	5,202
Total BOE per day	1,239	71	1,310	1,714

<sup>(1)</sup> 71 BOE per day is based on 90 days in Q1 2021; based on 18 days of ownership of the CH Concession from March 13 to March 31, total CH sales volumes were 354 BOE per day.

## Operating Netback

Per BOE	Three months ended March 31			
	TDF	CH	2021 Total	2020 Total (TDF)
Oil and natural gas revenue (\$)	28.95	47.08	29.93	27.70
Export tax (\$)	(1.05)	–	(1.05)	(1.68)
Royalties (\$)	(4.62)	(6.16)	(4.71)	(4.11)
Operating costs (\$)	(10.30)	(26.25)	(11.16)	(16.16)
Operating netback <sup>(1)</sup> (\$)	12.98	14.67	13.01	5.75

(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 Argentina. Crown Point's exploration and development activities are focused in three producing basins in Argentina, the Austral basin in the province of Tierra del Fuego, and the Neuquén and Cuyo basins 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 "Operating Netback" for the calculation of operating netbacks. 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; "km" means kilometers; "km<sup>2</sup>" means square kilometers; "m" means meters; "mm" means millimeters; "mcf" means thousand cubic feet, "mmcf" means million 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 fiscal 2021 in total and in each area and the operational activities at TDF, CH and CLL that we expect to complete during fiscal 2021; 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 months ended March 31, 2021 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 or maintain crude oil production levels and thereby maintain or increase global crude oil prices; that Roch S.A.'s voluntary reorganization filing will not have an adverse impact on its ability to operate the TDF concessions, and therefore will not have an adverse impact on the TDF UTE, the TDF concessions and/or the Company; matters relating to the recently completed Chañares Herrados acquisition, including the amount and timing of capital expenditures thereon, production rates therefrom and revenues to be derived therefrom; 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; that the Company will not pay dividends; 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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