

CROWN POINT ENERGY INC.
Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021
(Unaudited)

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)
(United States Dollars)

As at	Note	September 30 2021	December 31 2020
Assets			
Current assets:			
Cash		\$ 3,310,575	\$ 654,743
Trade and other receivables	4	1,853,675	2,215,779
Oil inventory		1,320,561	277,361
Prepaid expenses and other current assets	5	3,284,018	2,994,110
		9,768,829	6,141,993
Exploration and evaluation assets		11,185,864	11,182,557
Property and equipment	6	34,292,385	16,358,182
Restricted cash	8	293,950	-
Other non-current assets		3,923	4,608
		\$ 55,544,951	\$ 33,687,340
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables		\$ 3,531,430	\$ 1,536,890
Current portion of notes payable	8	929,299	-
Current taxes payable		73,810	86,667
Bank debt	7	-	1,330,590
Current portion of lease liabilities	10	30,592	166,256
		4,565,131	3,120,403
Non-current trade and other payables		288,368	167,219
Non-current taxes payable		86,118	166,113
Notes payable	8	4,518,137	-
Decommissioning provision	9	10,375,088	6,724,765
Lease liabilities	10	102,395	639,433
Deferred tax liability	15	4,613,829	1,078,214
		24,549,066	11,896,147
Shareholders' equity:			
Share capital		56,456,328	56,456,328
Contributed surplus		568,875	412,947
Accumulated other comprehensive loss		(18,223,034)	(18,239,476)
Deficit		(7,806,284)	(16,838,606)
		30,995,885	21,791,193
		\$ 55,544,951	\$ 33,687,340

Commitments (Note 19)

Approved on behalf of the Board of Directors: "Gordon Kettleson" "Pablo Peralta"
Gordon Kettleson, Director Pablo Peralta, Director

See accompanying notes to condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS)

(Unaudited)
(United States Dollars)

	Note	For the three months ended September 30		For the nine months ended September 30	
		2021	2020	2021	2020
Revenue					
Oil and natural gas sales	13	\$ 6,946,518	\$ 2,435,673	\$ 18,324,667	\$ 7,705,217
Processing income		65,285	22,055	177,322	106,741
Export tax		(210,847)	13,183	(680,363)	(252,888)
Royalties and turnover tax		(1,139,473)	(500,623)	(3,018,699)	(1,285,862)
		5,661,483	1,970,288	14,802,927	6,273,208
Expenses					
Operating		3,270,645	1,471,105	7,457,689	4,796,349
General and administrative		535,339	465,416	1,915,036	1,481,338
Depletion and depreciation		1,443,923	1,300,811	4,201,928	4,413,576
Gain on acquisition of working interest	3	(1,347,141)	-	(9,529,551)	-
Exploration and evaluation		-	-	-	141,909
Fair value adjustment of contingent consideration		-	-	-	(1,262,953)
Impairment of property and equipment		-	-	-	8,250,000
Impairment of goodwill		-	-	-	1,735,549
Share-based payments	11	31,611	27,751	155,928	139,281
Foreign exchange (gain) loss		294,092	(17,184)	315,733	(555,370)
		4,228,469	3,247,899	4,516,763	19,139,679
Operating income (loss)		1,433,014	(1,277,611)	10,286,164	(12,866,471)
Net finance expense	14	(372,735)	(192,814)	(972,234)	(495,403)
Income (loss) before taxes		1,060,279	(1,470,425)	9,313,930	(13,361,874)
Tax recovery (provision)	15	348,429	193,460	(281,608)	2,756,974
Net income (loss)		1,408,708	(1,276,965)	9,032,322	(10,604,900)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of the					
Canadian parent company		(22,613)	(435,569)	16,442	(499,896)
Total comprehensive income (loss)		\$ 1,386,095	\$ (1,712,534)	\$ 9,048,764	\$ (11,104,796)
Net income (loss) per share	12	\$ 0.02	\$ (0.02)	\$ 0.12	\$ (0.15)

See accompanying notes to these condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY

(Unaudited)
(United States Dollars)

For the nine months ended September 30	Note	2021	2020
Share capital			
Balance, January 1 and September 30		\$ 56,456,328	\$ 56,456,328
Contributed surplus			
Balance, January 1		412,947	245,914
Share-based payments	11	155,928	139,281
Balance, September 30		568,875	385,195
Accumulated other comprehensive loss			
Balance, January 1		(18,239,476)	(18,284,158)
Exchange differences on translation of Canadian parent company		16,442	(499,896)
Balance, September 30		(18,223,034)	(18,784,054)
Deficit			
Balance, January 1		(16,838,606)	(4,162,672)
Net income (loss)		9,032,322	(10,604,900)
Balance, September 30		(7,806,284)	(14,767,572)
Total shareholders' equity		\$ 30,995,885	\$ 23,289,897

See accompanying notes to these condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(United States Dollars)

For the nine months ended September 30	Note	2021	2020
Operating activities:			
Net income (loss)		\$ 9,032,322	\$ (10,604,900)
Items not affecting cash:			
Depletion and depreciation		4,201,928	4,413,576
Gain on acquisition of working interest	3	(9,529,551)	-
Exploration and evaluation		-	141,909
Fair value adjustment of contingent consideration		-	(1,262,953)
Impairment of property and equipment		-	8,250,000
Impairment of goodwill		-	1,735,549
Share-based payments	11	155,928	139,281
Unrealized foreign exchange (gain) loss		(235,308)	(507,409)
Finance expense		825,329	293,156
Tax recovery	15	281,608	(2,756,974)
Funds flow provided by operating activities		4,732,256	(158,765)
Change in non-cash working capital	16	58,946	(800,044)
Net cash provided by (used in) operating activities		4,791,202	(958,809)
Financing activities:			
Bank debt proceeds	7	1,356,120	2,612,005
Bank debt repayment	7	(2,510,574)	(709,351)
Notes payable proceeds	8	5,297,834	-
Notes payable interest payments	8	(271,012)	-
Restricted cash	8	(293,950)	-
Lease payments	10	(22,556)	(98,106)
Interest expense	16	(236,915)	(164,301)
Net cash provided by financing activities		3,318,947	1,640,247
Investing activities:			
Acquisition of working interest		(4,166,500)	-
Exploration and evaluation expenditures		(782)	(374,597)
Property and equipment expenditures	6	(2,448,005)	(619,277)
Settlement of contingent consideration liability		-	(167,699)
Collection of contingent consideration receivable		-	75,232
Change in other non-current assets		12	(3,400)
Change in non-cash working capital	16	1,218,264	(270,815)
Net cash used in investing activities		(5,397,011)	(1,360,556)
Change in cash		2,713,138	(679,118)
Foreign exchange effect on cash held in foreign currencies		(57,306)	(221,180)
Cash, January 1		654,743	2,695,803
Cash, September 30		\$ 3,310,575	\$ 1,795,505

See accompanying notes to these condensed interim consolidated financial statements.

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2021
(Unaudited)
(United States dollars)

1. REPORTING ENTITY:

Crown Point Energy Inc. ("Crown Point" or the "Company") was incorporated under the laws of British Columbia and continued under the laws of Alberta on July 27, 2012. Crown Point is based in Calgary, Alberta and is involved in the exploration for, and development and production of petroleum and natural gas in Argentina.

The Company's registered office is Suite 2400, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1.

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, CanAmericas (Argentina) Energy Ltd. and Crown Point Energía S.A..

As at September 30, 2021, Liminar Energía S.A. ("Liminar"), the Company's largest shareholder, owned approximately 59.5% of the Company's issued and outstanding common shares.

2. BASIS OF PRESENTATION:

The unaudited condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements as set out in International Accounting Standard 34 Interim Financial Reporting.

The Company has consistently applied the same accounting policies throughout all periods presented. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2020.

Given the continued global spread of COVID-19 and its variants and the burden to implement new and/or continued public health measures and restrictions in response to the COVID-19 pandemic, the Company's financial and/or operating performance could be materially adversely impacted by way of, but not limited to:

- economic uncertainty in Argentina and elsewhere;
- volatility in commodity prices, currency exchange rates and interest rates;
- material reductions in revenue and cash flows due to significantly reduced commodity prices;
- material reductions in revenue and cash flows and operating activities due to prolonged closure of offshore loading facilities, international borders and related delivery terminals, reduced capital programs and the shut-in of production, all of which could negatively impact the Company's ability to produce and sell oil;
- inability to access equity and/or debt financing on acceptable terms or at all;
- material declines in future revenue, which has resulted in impairment of property and equipment and goodwill and could result in additional impairment of property and equipment; and
- increased risk of non-performance by the Company's customers which could materially increase collection risk of accounts receivable and the risk of customer defaults on contracts.

The duration and extent of the impact from the COVID-19 pandemic remains uncertain and depends on future developments that cannot be accurately predicted at this time. This situation is changing rapidly and future impacts may materialize that are not yet known. There are no comparable recent events that provide guidance as to the effect the COVID-19 pandemic may have, and, as a result, the ultimate impact and lasting effects on the Company's business, operations and financial condition, and on the energy industry as whole, are highly uncertain.

Estimates and judgements made by management in the preparation of the Company's September 30, 2021 unaudited condensed interim consolidated financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 10, 2021.

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3. ACQUISITION OF WORKING INTEREST:

On March 13, 2021, the Company (50% working interest), together with partner Petrolera Aconcagua Energía ("Aconcagua") (50% working interest), was awarded a 25 year exploitation license for the 40.7 square kilometre Chañares Herrados producing oil block (the "CH Concession"), located in the Cuyo Basin approximately 50 kilometers south of Mendoza City, Province of Mendoza. Consideration for the exploitation license was 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. The CH Concession will be operated by Aconcagua.

The acquisition of the 50% working interest in the CH Concession was accounted for as a business combination in accordance with IFRS 3 Business Combinations whereby the assets acquired and liabilities assumed were recorded at their estimated fair values on the acquisition date as follows:

Fair value of net assets:	Preliminary fair values	Revision	Revised fair values
Property and equipment (Note 6)	\$ 15,386,342	\$ 1,796,188	\$ 17,182,530
Inventory	63,737	—	63,737
Non-current trade and other payables	(129,228)	—	(129,228)
Decommissioning provision (Note 9)	(166,981)	—	(166,981)
Deferred tax liability (Note 15)	(2,804,960)	(449,047)	(3,254,007)
	12,348,910	1,347,141	13,696,051
Gain on acquisition of working interest	(8,182,410)	(1,347,141)	(9,529,551)
	\$ 4,166,500	\$ —	\$ 4,166,500
Consideration:			
Cash	\$ 4,166,500	\$ —	\$ 4,166,500

The CH Concession was revoked by the Province in 2019 when the predecessor concession holder was unable to complete their expenditure commitments and subsequently filed for bankruptcy in 2020. The Company and Aconcagua were awarded the CH Concession in March 2021 through a bid-process that was evaluated based on cash consideration, a committed work program to invest in the Province and the financial and technical ability to complete the work program. As a result, the fair value of net assets acquired is in excess of the cash consideration paid to the Province of Mendoza, thereby resulting in the recognition of a \$9.5 million gain on the acquisition of the working interest.

The preliminary estimates of fair value were made by management at the time of preparation of the March 31, 2021 unaudited interim condensed consolidated financial statements based on available information at that time. Subsequently, the Company received an updated estimation of the fair value of the CH Concession's oil and natural gas reserves reported as on by independent engineers which formed the basis for a revision to the preliminary fair value of property and equipment and related revisions to the deferred tax liability and gain on acquisition of working interest.

During the nine months ended September 30, 2021, the Company incurred \$60,425 of costs related to the acquisition which are included in general and administrative expenses.

Since the acquisition date on March 13, 2021 to September 30, 2021, the 50% working interest in the CH Concession contributed \$4.7 million of oil and gas revenue and \$0.8 million of operating income (oil and gas revenue less royalties and operating expenses). Had the acquisition occurred on January 1, 2021, the Company estimates that oil and gas revenue would have increased by approximately \$6.4 million and operating income would have increased by approximately \$1.1 million. The pro forma information is not necessarily representative of future revenue and operations.

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4. TRADE AND OTHER RECEIVABLES:

The Company's trade and other receivables are exposed to the risk of financial loss if the counterparty fails to meet its contractual obligations. The Company's trade and other receivables include amounts due from the sale of crude oil and natural gas. During the nine months ended September 30, 2021, 68% of the Company's oil sales were exported to one international trader and 32% of oil sales were to an Argentine company; the majority of the Company's natural gas production is sold by the Company to several Argentine companies.

Two major purchasers that represent 100% of oil revenue reported in the nine months ended September 30, 2021 comprise \$1,012,552 of accounts receivable at September 30, 2021 (December 31, 2020 – \$1,592,777) and three major purchasers that represent 41% of natural gas revenue reported in the nine months ended September 30, 2021 comprise \$305,820 of accounts receivable at September 30, 2021 (December 31, 2020 – \$89,222) (Note 13).

The Company's maximum exposure to credit risk in respect of trade and other receivables consists of:

	September 30 2021	December 31 2020
Due from Argentine companies	\$ 2,143,997	\$ 859,325
Due from an international company	–	1,592,777
Other receivables	28,852	112,947
Allowance for credit losses	(319,174)	(349,270)
Total trade and other receivables	\$ 1,853,675	\$ 2,215,779

The Company's trade and other receivables are aged as follows:

	September 30 2021	December 31 2020
Not past due (less than 90 days)	\$ 1,841,634	\$ 2,104,988
Past due (more than 90 days)	331,215	460,061
	2,172,849	2,565,049
Allowance for credit losses	(319,174)	(349,270)
Total trade and other receivables	\$ 1,853,675	\$ 2,215,779

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

	September 30 2021	December 31 2020
Prepaid expenses	\$ 1,578,491	\$ 1,279,325
Value Added Tax	1,705,527	1,714,785
	\$ 3,284,018	\$ 2,994,110

CROWN POINT ENERGY INC.
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6. PROPERTY AND EQUIPMENT:

	Argentina			Canada	
	Development and Production Assets	Right-of-Use Assets	Other Assets	Other Assets	Total
Cost:	\$	\$	\$	\$	\$
Balance, December 31, 2020	76,993,031	1,015,865	505,740	303,575	78,818,211
Additions	2,413,609	–	31,777	2,619	2,448,005
Acquisition of working interest (Note 3)	17,182,530	–	–	–	17,182,530
Disposition	–	(830,490)	–	–	(830,490)
Decommissioning revisions (Note 9)	3,426,469	–	–	–	3,426,469
Effect of change in exchange rates	–	(9,796)	–	1,568	(8,228)
Balance, September 30, 2021	100,015,639	175,579	537,517	307,762	101,036,497
Accumulated depletion, depreciation and impairment:					
Balance, December 31, 2020	61,484,372	249,200	435,954	290,503	62,460,029
Depletion and depreciation	4,442,244	14,436	32,808	3,284	4,492,772
Disposition	–	(207,624)	–	–	(207,624)
Effect of change in exchange rates	–	(2,540)	–	1,475	(1,065)
Balance, September 30, 2021	65,926,616	53,472	468,762	295,262	66,744,112
Net carrying amount:					
At December 31, 2020	15,508,659	766,665	69,786	13,072	16,358,182
At September 30, 2021	34,089,023	122,107	68,755	12,500	34,292,385

Disposition of right-of-use assets:

During the nine months ended September 30, 2021, the operator of the Tierra del Fuego (“TDF”) Concessions terminated equipment leases for which the net book value of the related right-of-use assets was \$622,866 with a corresponding lease liability of \$649,866 (Note 10), resulting in a \$27,000 gain reported in net finance expense in the condensed interim consolidated statement of income (loss) and comprehensive income (loss).

Future development costs associated with proved and probable reserves:

The depletion expense calculation for the nine months ended September 30, 2021 included \$3.0 million (December 31, 2020 – \$4.0 million) for estimated future development costs in the TDF Concessions and \$40.9 million for estimated future development costs in the CH Concession.

7. BANK DEBT:

A continuity of the Company’s bank debt is as follows:

Balance, December 31, 2020	\$	1,330,590
Proceeds		1,356,120
Repayment		(2,510,574)
Interest accrued		222,092
Interest paid		(236,915)
Effect of change in exchange rates		(161,313)
Balance, September 30, 2021	\$	–

CROWN POINT ENERGY INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021

(Unaudited)

(United States dollars)

(a) HSBC Bank Argentina S.A.

On September 3, 2020, the Company obtained an ARS 35.2 million (\$0.47 million) working capital loan from HSBC Bank Argentina S.A. ("HSBC Loan") at an interest rate of 38.25% per annum, calculated and payable monthly, with a maturity date of March 2, 2021. During the first quarter of 2021, the Company repaid the HSBC Loan in full plus ARS 3.1 million (\$34,939) of accrued interest.

During the three and nine months ended September 30, 2021, the Company recognized \$nil and \$26,044, respectively, of interest on the HSBC Loan, all of which was paid and \$nil is included in trade and other payables as at September 30, 2021 (December 31, 2020 – \$9,657 (ARS 811,530)).

(b) Banco Hipotecario

On August 25, 2020, the Company obtained an ARS 50 million (\$0.68 million) working capital loan from Banco Hipotecario ("Banco Hipotecario Loan 3") at an interest rate of 24% per annum. 50% of the loan principal and ARS 3.9 million (\$0.05 million) of accrued interest was repaid on December 23, 2020 and the remaining loan principal and ARS 1 million (\$11,242) of accrued interest was repaid on February 22, 2021.

On December 17, 2020, the Company obtained an ARS 50 million (\$0.60 million) working capital loan from Banco Hipotecario ("Banco Hipotecario Loan 4") at an interest rate of 35% per annum. ARS 25 million (\$0.27 million) of loan principal and ARS 5.8 million (\$61,991) of accrued interest was repaid on April 16, 2021 and the remaining ARS 25 million (\$0.27 million) of loan principal and ARS 1.4 million (\$15,101) of accrued interest was repaid on June 15, 2021.

On February 19, 2021, the Company obtained an ARS 25 million (\$0.28 million) working capital loan from Banco Hipotecario ("Banco Hipotecario Loan 5") at an interest rate of 49.5% per annum. ARS 12.5 million (\$0.13 million) of loan principal and ARS 4.2 million (\$43,727) of accrued interest was repaid on June 19, 2021 and the remaining ARS 12.5 million (\$0.13 million) of loan principal and ARS 1 million (\$9,935) of accrued interest was repaid on August 18, 2021.

On February 23, 2021, the Company obtained an ARS 25 million (\$0.28 million) working capital loan from Banco Hipotecario ("Banco Hipotecario Loan 6") at an interest rate of 49.5% per annum. ARS 12.5 million (\$0.13 million) of loan principal and ARS 4.1 million (\$43,155) of accrued interest was repaid on June 23, 2021 and the remaining ARS 12.5 million (\$0.13 million) of loan principal and ARS 1 million (\$10,627) of accrued interest was repaid on August 23, 2021.

During March 2021, the Company obtained and repaid a bank overdraft for an average balance of ARS 35.6 million (\$0.4 million) at an interest rate of 43% per annum. In April 2021, the Company paid ARS 0.6 million (\$6,363) of accrued interest.

During the three and nine months ended September 30, 2021, the Company recognized \$17,992 and \$189,388, respectively, of interest, of which \$195,324 was paid and \$nil is included in trade and other payables as at September 30, 2021 (December 31, 2020 – \$9,553 (ARS 802,739)).

(c) Liminar

On June 3, 2021 and June 24, 2021 the Company obtained \$80,000 and \$70,000, respectively, of working capital loans from Liminar at an interest rate of 4% per annum. The loan principal amounts were repaid on June 16 and 29, 2021, respectively, along with \$152 of accrued interest.

Liminar has provided a guarantee of the Banco Hipotecario loans for which the Company is charged loan guarantee fee 1% of the loan balance per annum (Note 17).

(d) Grupo ST S.A.

On September 23, 2021, the Company obtained a \$250,000 working capital loan from Grupo ST S.A. at an interest rate of 4% per annum. The loan principal and \$137 of accrued interest was repaid on September 27, 2021 (Note 17).

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8. NOTES PAYABLE

On March 30, 2021, Crown Point Energía closed on 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 for aggregate gross proceeds of \$5.44 million. Class I notes payable are guaranteed, denominated in USD integrated in ARS at the initial exchange rate and repayable in ARS at the applicable exchange rate. Class II notes payable are guaranteed, denominated in ARS and repayable in ARS.

The notes payable were issued on March 31, 2021, 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 BADLAR Privados (currently 34.1%) plus 6.75% per annum, respectively, payable quarterly.

The Company incurred \$145,953 of transaction costs directly attributed to the issuance of the notes payable which are net against the debt amount and will be amortized to finance expense over the three year term.

A continuity of the Company's notes payable is as follows:

Balance, December 31, 2020	\$	–
Class I notes payable proceeds		3,378,571
Class II notes payable proceeds (ARS 190 million)		2,065,216
		5,443,787
Unamortized transaction costs		(121,827)
Interest accrued		543,635
Interest paid		(271,012)
Effect of change in exchange rates		(147,147)
Balance, September 30, 2021	\$	5,447,436
Current portion of notes payable		(929,299)
Long-term notes payable	\$	4,518,137

Restricted cash

As at September 30, 2021, \$293,950 (ARS 29 million) was reported as restricted cash. The restricted cash is assigned as collateral for the notes payable and has been deposited in a trust account with Banco de Servicios y Transacciones S.A., the beneficiary of which is Crown Point Energía. The trust account funds are invested as prescribed by the related escrow agreement; these funds are restricted and cannot be used by the Company other than for the purpose stated in the escrow agreement. The amount of funds held in trust is based on the Company's estimate of the next upcoming quarterly interest payment. The trust account is required to be in place until the maturity date of the notes payable.

9. DECOMMISSIONING PROVISION:

As at September 30, 2021, the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately \$13.2 million to be incurred in the next 6 to 25 years (December 31, 2020 – \$7.0 million in 6 years). A risk-free interest rate of 0.7% – 2.24% (December 31, 2020 – 0.7%) and an inflation rate of 1.2% (December 31, 2020 – 1.2%) was used to calculate the fair value of the decommissioning provision.

A reconciliation of the decommissioning provision is provided below:

Balance, December 31, 2020	\$	6,724,765
Acquisition of working interest (Note 3)		166,981
Revision for development and production assets (Note 6)		3,426,469
Revision for exploration and evaluation assets		2,525
Accretion		54,348
Balance, September 30, 2021	\$	10,375,088

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The revision to the decommissioning provision for development and production assets recognized during the nine months ended September 30, 2021 relates to the revision of the discount rate used to estimate the present value of cash flows required to settle the decommissioning obligations of the CH Concession. The \$166,981 acquisition date fair value of the decommissioning obligation was determined using a credit-adjusted discount rate in accordance with IFRS 3 Business Combinations and was subsequently re-measured at \$3,593,450 using a risk-free rate in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

10. LEASE LIABILITIES:

The Company incurs lease payments related to certain office premises and equipment in Argentina. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets.

Balance, December 31, 2020	\$	805,689
Disposition (Note 6)		(649,866)
Interest		8,128
Payments		(22,556)
Effect of change in exchange rates		(8,408)
Balance, September 30, 2021		132,987
Current portion of lease liabilities		(30,592)
Long-term lease liabilities	\$	102,395

Total expected payments under lease agreements for office and equipment are \$2,390 per month (\$28,677 per year) until December 31, 2026.

11. SHARE-BASED PAYMENTS:

Stock option activity for the nine months ended September 30, 2021 is summarized as follows:

	Number of Options	Weighted Average Exercise Price (CAD)
Balance, December 31, 2020	2,175,000	\$ 0.75
Granted	2,175,000	\$ 0.20
Balance, September 30, 2021	4,350,000	\$ 0.48
Exercisable, September 30, 2021	2,900,000	\$ 0.61

On May 31, 2021, the Company granted 2,175,000 stock options to officers and directors. The stock options are exercisable at CAD 0.20 per share until May 31, 2026 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 \$315,810 using the Black-Scholes pricing model based on the following assumptions:

Grant date share price	CAD 0.17	Expected dividend	\$nil
Exercise price	CAD 0.20	Risk-free interest rate	1.33%
Expected volatility ⁽¹⁾	133%	Forfeiture rate	0%
Expected life	5 years	Fair value per option	\$0.12 (CAD 0.15)

⁽¹⁾ Based on historical market prices of the Company's common shares over the expected life of the stock options.

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During the three and nine months ended September 30, 2021, the Company recognized \$31,611 and \$155,928 (three and nine months ended September 30, 2020 – \$27,751 and \$139,281), respectively, of share-based payment expense. As at September 30, 2021, the balance of unvested share-based payments was \$124,364.

Information about stock options outstanding as at September 30, 2021 is as follows:

Expiry Date	Number of Options Outstanding	Weighted Average Exercise Price (CAD)	Weighted Average Life Remaining (Years)	Number of Options Exercisable
April 3, 2024	2,175,000	\$ 0.75	2.5	2,175,000
May 31, 2026	2,175,000	\$ 0.20	4.7	725,000
	4,350,000	\$ 0.48	3.6	2,900,000

12. PER SHARE AMOUNTS:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Net income (loss) for the period	\$ 1,408,708	\$ (1,276,965)	\$ 9,032,322	\$ (10,604,900)
Weighted average number of shares – basic:				
Issued common shares, beginning and end of period	72,903,038	72,903,038	72,903,038	72,903,038
Net income (loss) per share – basic	\$ 0.02	\$ (0.02)	\$ 0.12	\$ (0.15)
Weighted average number of shares – diluted:				
Basic weighted average number of shares	72,903,038	72,903,038	72,903,038	72,903,038
Effect of outstanding stock options	44,970	– ⁽²⁾	54,900	– ⁽²⁾
	72,948,008	72,903,038	72,957,938	72,903,038
Net income (loss) per share – diluted	\$ 0.02	\$ (0.02)	\$ 0.12	\$ (0.15)

⁽²⁾ All stock options were excluded from the diluted per share amounts as their effect is anti-dilutive in loss periods.

The Company used an average market price for its shares of CAD 0.21 and CAD 0.22 per share for the three and nine months ended September 30, 2021, respectively, for the purposes of calculating the dilutive effect of stock options, based on quoted market prices for the period that in-the-money stock options were outstanding.

13. OIL AND NATURAL GAS SALES:

The following table represents the Company's oil and natural gas sales disaggregated by commodity:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Oil	\$ 5,336,399	\$ 1,434,697	\$ 14,633,989	\$ 4,799,087
Natural gas liquids	50,201	–	90,290	10,035
Natural gas	1,559,918	1,000,976	3,600,388	2,896,095
	\$ 6,946,518	\$ 2,435,673	\$ 18,324,667	\$ 7,705,217

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The Company's revenue from oil sales earned in the three and nine months ended September 30, 2021 was from two purchasers, of which 48% and 32%, respectively, was for domestic sales and 52% and 68%, respectively, was for export sales (three and nine months ended September 30, 2020 – three purchasers, 100% for export sales) and which \$1,012,552 was in accounts receivable at September 30, 2021 (December 31, 2020 – \$1,592,777).

All of the Company's revenue from natural gas sales earned in the three and nine months ended September 30, 2021 was for domestic sales, of which 41% was to three major purchasers (three and nine months ended September 30, 2020 – domestic sales of which 46% was to two major purchasers) and which \$305,820 was in accounts receivable at September 30, 2021 (December 31, 2020 – \$89,222).

The following table represents the Company's oil and natural gas sales disaggregated by market:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Export	\$ 2,772,952	\$ 1,434,697	\$ 9,947,730	\$ 4,799,087
Domestic	4,173,566	1,000,976	8,376,937	2,906,130
	\$ 6,946,518	\$ 2,435,673	\$ 18,324,667	\$ 7,705,217

14. NET FINANCE EXPENSE:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Interest income	\$ 73,013	\$ 7,212	\$ 145,151	\$ 41,828
Financing fees and bank charges	(124,323)	(61,439)	(292,056)	(176,226)
Interest on bank debt (Note 7)	(18,136)	(92,712)	(222,092)	(232,150)
Interest on notes payable (Note 8)	(268,618)	–	(543,635)	–
Amortization of notes payable transaction costs (Note 8)	(12,005)	–	(24,126)	–
Accretion of decommissioning provision (Note 9)	(20,086)	(29,060)	(54,348)	(77,037)
Interest on lease liabilities (Note 10)	(2,580)	(16,815)	(8,128)	(51,818)
Gain on disposition of right-of-use assets and lease liabilities (Note 6)	–	–	27,000	–
	\$ (372,735)	\$ (192,814)	\$ (972,234)	\$ (495,403)

15. TAXES:

A continuity of the Company's deferred tax liability is as follows:

Balance, December 31, 2020	\$ 1,078,214
Acquisition of working interest (Note 3)	3,254,007
Deferred tax provision	281,608
Balance, September 30, 2021	\$ 4,613,829

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The Company's tax recovery (provision) is comprised of the following current and deferred taxes:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Current tax expense	\$ –	\$ –	\$ –	\$ –
Deferred tax recovery (provision)	348,429	193,460	(281,608)	2,756,974
Tax recovery (provision)	\$ 348,429	\$ 193,460	\$ (281,608)	\$ 2,756,974

Crown Point Energía S.A.'s has sufficient non-capital loss and other tax pools available to reduce taxable income in Argentina to \$nil. The deferred tax provision reported in the three and nine months ended September 30, 2021 is related to changes in the Company's ARS denominated tax pools combined with the effect of an increase in the Argentine corporate income 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.

The change in the Argentine corporate income tax rate occurred on June 16, 2021 by Decree No. 387/2021 and PEN passed Law No. 27630 which establishes a new tiered structure of income tax rates, with three segments according to the cumulative taxable net income level.

The new tax rates, effective for fiscal years commencing January 1, 2021, are as follows:

- 25% for cumulative taxable net income of up to ARS 5 million;
- 30% for the second tier for taxable income of up to ARS 50 million; and
- 35% for taxable income above ARS 50 million.

16. SUPPLEMENTAL CASH FLOW INFORMATION:

(a) Change in non-cash working capital items

For the nine months ended September 30	2021	2020
Trade and other receivables	\$ 362,104	\$ 1,852,580
Inventory	(688,619)	(98,798)
Prepaid expenses and other current assets	(289,908)	165,314
Trade and other payables	1,986,461	(1,091,596)
Taxes payable	(92,852)	(1,898,180)
Effect of change in exchange rates	24	(179)
	\$ 1,277,210	\$ (1,070,859)
Attributable to:		
Operating activities	\$ 58,946	\$ (800,044)
Investing activities	1,218,264	(270,815)
	\$ 1,277,210	\$ (1,070,859)

- (b) As at September 30, 2021, the Company held \$3,310,575 (December 31, 2020 – \$654,743) of cash in Canadian, United States and Argentine banks.
- (c) During the nine months ended September 30, 2021, the Company paid \$236,915 (nine months ended September 30, 2020 – \$164,301) of interest on bank debt (Note 7) and \$271,012 of interest on notes payable (Note 8).
- (d) During the nine months ended September 30, 2021, the Company paid \$92,852 (ARS 5,466,852) (nine months ended September 30, 2020 – \$1,898,180 (ARS 92,848,395)) to Argentine tax authorities related to corporate income tax.

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17. RELATED PARTY TRANSACTIONS:

Mr. Pablo Peralta is a director of the Company and is the President and a director of Liminar and controls 30% of the voting shares of Liminar. Liminar owns approximately 59.5% of the Company's outstanding common shares.

During the three and nine months ended September 30, 2021, the Company was charged \$nil (three and nine months ended September 30, 2020 – \$nil and \$40,000, respectively) by Liminar for legal advisory services pursuant to a services agreement with an effective date of April 1, 2019 which was temporarily suspended on March 1, 2020, \$nil and \$4,457, respectively, in loan guarantee fees (Note 7(c)) (three and nine months ended September 30, 2020 – \$2,141 and \$2,725, respectively) and a \$41,665 guarantee fee provided by Liminar in respect of the \$4.17 million owed to the Province of Mendoza in connection with the Company's acquisition of the 50% working interest in the CH Concession (Note 3).

During the nine months ended September 30, 2021, the Company obtained and repaid two working capital loans from Liminar (Note 7(c)) which accrued interest of \$152.

Mr. Pablo Peralta is a director of the Company and is a director and shareholder of Grupo ST S.A. During the nine months ended September 30, 2021, the Company obtained and repaid a working capital loan from Grupo ST S.A., including \$137 of accrued interest (Note 7(d)).

Included in trade and other payables as at September 30, 2021 is \$4,322 (December 31, 2020 – \$nil) payable to Liminar.

Transactions with related parties are conducted and recorded at the exchange amount.

18. FOREIGN CURRENCY EXCHANGE RISK:

A substantial portion of the Company's exploration and development activities are conducted in foreign jurisdictions and a portion of the Company's cash is denominated in CAD and ARS. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

(a) Foreign currency denominated financial instruments held by the Company:

As at September 30, 2021	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash	6,324	318,981,750	3,242,064
Restricted cash	–	28,965,833	293,950
Trade and other receivables	2,954	10,385,899	107,726
Trade and other payables	(258,494)	(252,058,196)	(2,756,518)
Current and long-term taxes payable	–	(15,791,510)	(159,928)
Lease liabilities	–	(4,416,261)	(44,726)
Notes payable	–	(197,553,066)	(2,000,735)
<hr/>			
As at December 31, 2020	Balance denominated in		Total USD equivalents
	CAD	ARS	
Cash	16,510	33,181,934	407,511
Trade and other receivables	5,854	17,465,966	212,276
Trade and other payables	(118,505)	(79,784,445)	(1,041,641)
Bank debt	–	(111,814,269)	(1,330,590)
Current and long-term taxes payable	–	(21,258,286)	(252,780)
Lease liabilities	–	(4,829,023)	(57,466)

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(b) Currency devaluation:

Exchange rates as at	September 30 2021	December 31 2020
CAD to USD ⁽¹⁾	0.7883	0.7842
ARS to USD ⁽¹⁾	0.0101	0.0119
USD to ARS ⁽²⁾	98.64	84.10

⁽¹⁾ Source OFX ⁽²⁾ Source BNA (National Bank of Argentina)

Currency devaluation in Argentina impacts the cost of ARS denominated items which are translated to the USD functional currency of the Argentine subsidiaries. A portion of the TDF and CH Concessions' operating costs and general and administrative expenses incurred in Argentina are denominated in ARS. During the nine months ended September 30, 2021, the devaluation of ARS resulted in lower operating costs and general and administrative expenses incurred in Argentina by approximately 10% (nine months ended September 30, 2020 – devaluation of ARS; lower by approximately 14%).

During the nine months ended September 30, 2021, the devaluation of ARS since the previous year end date resulted in a decrease in the USD equivalent of ARS denominated foreign currency denominated financial instruments, excluding bank debt and notes payable, by approximately \$0.03 million (nine months ended September 30, 2020 – devaluation of ARS; reduction by approximately \$0.7 million).

The effect of currency devaluation on ARS denominated bank debt and notes payable during the nine months ended September 30, 2021 was a \$308,460 reduction (nine months ended September 30, 2020 – \$229,784 reduction) in the USD equivalent amount (Notes 7 and 8).

(c) Sensitivity analysis:

The following table presents an estimate of the impact on net loss for the market risk factors discussed above and is calculated based on the noted change in exchange rates applied to balances as at September 30, 2021:

	Change in exchange rates	Impact on net income (loss)
Foreign exchange - effect of strengthening USD:		
CAD denominated financial assets and liabilities	5%	\$ 50
ARS denominated financial assets and liabilities	10%	\$ 32,340

19. COMMITMENTS:

(a) TDF Concessions

As at September 30, 2021, the Company's share of expenditure commitments with respect to the Rio Cullen exploitation concession in TDF is \$0.62 million which must be completed by August 2026.

(b) CH Concession

As at September 30, 2021, the Company's share of expenditure commitments with respect to the CH Concession is \$41.29 million, consisting of a work program for well work overs, infrastructure optimization and a multi-well drilling program to be completed over a ten-year period until March 2031.

(c) Cerro De Los Leones Concession

As at September 30, 2021, the Company's required work commitment with respect to the Cerro de Los Leones ("CLL") Concession is the drilling of one exploration well at an estimated cost of \$2.5 million which must be completed by February 22, 2022. Should the Company fail to complete its work commitment 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 work commitment.