

FOR IMMEDIATE RELEASE  
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CWV: TSX.V

## **Crown Point Announces Operating and Financial Results for the Three Months and Year Ended December 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 and year ended December 31, 2021.

Copies of the Company's December 31, 2021 audited 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 and the year ended December 31, 2021 may be referred to as "Q4 2021" and "2021", respectively. The comparative three months and year ended December 31, 2020 may be referred to as "Q4 2020" and "2020", respectively.

### **Q4 2021 SUMMARY**

During Q4 2021, the Company:

- Reported income before taxes of \$0.2 million and a net income of \$0.7 million as compared to Q4 2020 when the Company reported a loss before taxes of \$2.8 million and a net loss of \$2.1 million;
- Reported net cash provided by operating activities of \$2.1 million and funds flow from operating activities of \$2.6 million as compared to Q4 2020 when the Company reported \$0.03 million of net cash used by operating activities and \$2.2 million of funds flow from operating activities;
- Earned \$10.2 million of oil and natural gas sales revenue on total average daily sales volumes of 2,150 BOE per day, up from \$4.1 million of oil and natural gas sales revenue earned on total average daily sales volumes of 1,878 BOE per day in Q4 2020 due to the combined effect of oil sales from both the Chanares Herrados and the Tierra del Fuego concessions and an increase in commodity prices;
- Received an average of \$2.91 per mcf for natural gas and \$64.99 per bbl for oil compared to \$1.59 per mcf for natural gas and \$34.10 per bbl for oil received in Q4 2020;
- Reported an operating netback of \$20.64 per BOE <sup>1</sup>, up from \$8.66 per BOE in Q4 2020;
- Obtained \$0.2 million of short-term working capital loans and repaid \$0.2 million of short-term working capital loans and bank loans. The Company had no outstanding bank debt or short-term working capital loans at December 31, 2021; and
- Reported a working capital surplus <sup>2</sup> of \$2.9 million.

### **OPERATIONAL UPDATE**

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

YPF, operator of the Cruz del Sur oil storage and offshore loading facilities, recently gave notice that the offshore loading facility was being closed due to technical difficulties. YPF had intended to decommission the offshore loading facilities in July 2022, but has now decided to cease offshore loading operations immediately.

<sup>1</sup> Non-IFRS financial ratio. See "Non-IFRS and Other Financial Measures".

<sup>2</sup> Capital management measure. See "Non-IFRS and Other Financial Measures".

Crown Point, together with its joint venture partners and YPF, have been building a 23 km 6 inch oil pipeline to connect the Cruz del Sur oil storage facility and the San Martin oil field with the Total Austral operated Rio Cullen marine terminal, in anticipation of the Cruz del Sur offshore loading facility closure in the second half of 2022. This project will be accelerated. However, in the interim Crown Point together with its joint venture partners are arranging to export oil by truck to the Enap refinery at San Gregorio, Chile and to the Total Austral operated Rio Cullen marine terminal in Tierra del Fuego. The sales price at both San Gregorio and Rio Cullen is indexed to the Brent oil price.

#### La Angostura Concession

During 2021, San Martin oil production averaged 1,666 (net 579) bbls of oil per day. Oil is transported through the Company-owned San Martin oil pipeline connecting the field to the Cruz del Sur facility for storage and subsequent sale. During the latter part of Q3 2021, colder weather caused a buildup of paraffin deposits in the San Martin oil pipeline forcing its temporary shutdown. During this time oil was trucked to the Cruz del Sur facility.

The Company plans to drill a step-out well (SM a-1004) on the western flank of the San Martin structure in Q1 2022 to test for oil in a fault compartment immediately west of the SM x-1002 producing well. During February 2022, the Company commenced equipment mobilization to the well location.

#### Las Violetas Concession

During 2021, natural gas production from the Las Violetas concession averaged 14,570 (net 5,060) mcf per day and oil production averaged 348 (net 121) 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 to Cruz del Sur for storage and sale.

The Company plans to drill a horizontal development well in the Las Violetas oil pool in Q1 2022, located in the northeast corner of the Concession and targeting the Springhill Formation.

#### **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 2021, workovers on 18 shut-in oil wells were carried out and the wells placed back on production. In addition, eight of the shut-in wells underwent stimulations and extractive system enhancements resulting in production increases. Average oil production for the 293-day period from March 13 to December 31, 2021 was 1,000 (net 500) bbls of oil per day.

#### **Cerro de Los Leones (“CLL”) Exploration Permit**

During January 2022, the Company drilled CPE.MdN.VS.xp-3(d) which is currently awaiting completion scheduled for March 2022. The Company has made an application to the Province for a twelve month extension of the Period 3 term to February 2023 to finish completion operations and evaluate test results.

#### **OUTLOOK**

The Company's capital spending on property and equipment assets in 2022 is budgeted at \$7.4 million comprised of \$5.0 million in TDF (\$1.8 million to drill one horizontal well in the Las Violetas Concession; \$1.6 million to drill one vertical well in the San Martin structure; \$0.4 million to complete the construction of an oil field pipeline to a new delivery point at the Cullen terminal operated by Total Austral, located in the north of TDF and \$1.2 million in other improvements to facilities) and \$2.4 million for well workovers, facilities improvements and optimization in CH.

The Company's capital spending on exploration and evaluation assets in 2022 is budgeted at \$2.4 million to drill and complete the CPE.MdN.VS.xp-3(d) exploration well on the CLL exploration permit.

## ARGENTINA – COVID-19

In December 2021, the Argentine government announced a reduction in the isolation period from ten days to seven days for fully-vaccinated (two doses) individuals who test positive for COVID-19. The isolation period remains at ten days for those who are not fully-vaccinated. As of January 2022, residents and visitors from neighboring countries who have been fully-vaccinated for at least fifteen days will have to certify their vaccination status but are no longer required to present a negative PCR test.

## ARGENTINA – INTERNATIONAL MONETARY FUND

In January 2022, it was announced that the International Monetary Fund (“IMF”) and the Argentine Government reached an understanding on key policies as part of their ongoing discussions of an IMF-supported program. The main areas of agreement include the following:

- A fiscal consolidation path will form a key policy anchor of the IMF-supported program that will gradually and sustainably improve public finances, reduce monetary financing, allow for spending increases on infrastructure and science and technology, and protect targeted social programs.
- A strategy to reduce energy subsidies in a progressive manner is essential for improving the composition of government spending.
- Understandings on a framework for monetary policy implementation as part of a multipronged approach to addressing persistent high inflation, including positive real interest rates to support domestic financing and strengthen stability.
- Additional financial support from Argentina’s international partners to help bolster the country’s external resilience and its efforts to secure more inclusive and sustainable growth.

Final agreement on an IMF-supported program arrangement is subject to approval of the IMF's Executive Board which the Argentine Government expects to receive in March 2022.

## SUMMARY OF FINANCIAL INFORMATION <sup>(1)</sup>

(expressed in \$, except shares outstanding)	December 31 2021	December 31 2020	December 31 2019
Current assets	10,261,684	6,141,993	10,194,024
Current liabilities	(7,335,026)	(3,120,403)	(8,362,827)
Working capital <sup>(2)</sup>	2,926,658	3,021,590	1,831,197
Exploration and evaluation assets	12,210,949	11,182,557	10,920,359
Property and equipment	35,536,342	16,358,182	31,151,688
Non-current contingent consideration receivable	–	–	1,634,740
Total assets	58,308,535	33,687,340	55,638,052
Non-current financial liabilities <sup>(2)</sup>	(3,803,031)	(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		Year ended	
	December 31		December 31	
	2021	2020	2021	2020
Oil and natural gas sales revenue	10,168,669	4,134,154	28,493,336	11,839,371
Gain on acquisition of working interest	–	–	(9,529,551)	–
Impairment of property and equipment	–	1,628,000	–	9,878,000
Impairment of goodwill	–	–	–	1,735,549
Income (loss) before taxes	167,423	(2,778,799)	9,481,353	(16,140,673)
Net income (loss)	742,431	(2,071,034)	9,774,753	(12,675,934)
Net income (loss) per share <sup>(3)</sup>	0.01	(0.03)	0.13	(0.17)
Net cash provided (used) by operating activities	2,080,962	(29,704)	6,872,164	(988,513)
Net cash per share – operating activities <sup>(2)(3)</sup>	0.03	(0.00)	0.09	(0.01)
Funds flow from (used by) operating activities	2,642,299	2,189,693	7,374,555	2,030,928
Funds flow per share – operating activities <sup>(2)(3)</sup>	0.04	0.03	0.10	0.03
Weighted average number of shares - basic	72,903,038	72,903,038	72,903,038	72,903,038
Weighted average number of shares - diluted	73,020,868	72,903,038	73,014,895	72,903,038

(1) We adhere to International Financial Reporting Standards ("IFRS"), however the Company also employs certain non-IFRS measures to analyze financial performance, financial position, and cash flow, including "operating netback". Additionally, other financial measures are also used to analyze performance. These non-IFRS and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other issuers. The non-IFRS and other financial measures should not be considered to be more meaningful than financial measures which are determined in accordance with IFRS, such as net income (loss), oil and natural gas sales revenue and net cash provided by (used in) operating activities, as indicators of our performance.

(2) "Working capital" is a capital management measure. "Non-current financial liabilities" is a supplemental financial measure. "Net cash per share – operating activities" is a supplemental financial measure. "Funds flow per share – operating activities" is a supplemental financial measure. See "Non-IFRS and Other Financial Measures".

(3) All per share figures are the same for the basic and diluted weighted average number of shares outstanding in the period. The effect of options is anti-dilutive in loss periods. Per share amounts may not add due to rounding.

## Sales Volumes

	Three months ended		Year ended	
	December 31		December 31	
	2021	2020	2021	2020
Total sales volumes (BOE)	197,774	172,788	648,758	513,331
Light oil bbls per day	1,528	1,100	1,090	613
NGL bbls per day	11	2	10	2
Natural gas mcf per day	3,664	4,655	4,066	4,726
Total BOE per day	2,150	1,878	1,777	1,403

## Operating Netback <sup>(1)</sup>

	Three months ended				Year ended			
	December 31		December 31		December 31		December 31	
	2021	Per BOE	2020	Per BOE	2021	Per BOE	2020	Per BOE
Oil and natural gas revenue (\$)	10,168,669	51.42	4,134,154	23.93	28,493,336	43.92	11,839,371	23.06
Export tax (\$)	(481,210)	(2.43)	(96,506)	(0.56)	(1,161,573)	(1.79)	(349,394)	(0.68)
Royalties and turnover tax (\$)	(1,663,913)	(8.41)	(691,307)	(4.00)	(4,682,612)	(7.22)	(1,977,169)	(3.85)
Operating costs (\$)	(3,943,032)	(19.94)	(1,849,775)	(10.71)	(11,400,721)	(17.57)	(6,646,124)	(12.95)
Operating netback <sup>(1)</sup> (\$)	4,080,514	20.64	1,496,566	8.66	11,248,430	17.34	2,866,684	5.58

(1) "Operating netback" is a non-IFRS measure. "Operating netback per BOE" is a non-IFRS ratio. See "Non-IFRS and Other Financial Measures".

## RESERVES

The Company's reserve information for the year ended December 31, 2021 was disclosed in the Company's press release dated February 25, 2022. The Company's Annual Information Form and National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities filings for the year ended December 31, 2021 will be filed with Canadian securities regulatory authorities in due course 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).

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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 and Other Financial Measures:* Throughout this press release and in other materials disclosed by the Company, we employ certain measures to analyze financial performance, financial position, and cash flow. These non-IFRS and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other issuers. The non-IFRS and other financial measures should not be considered to be more meaningful than financial measures which are determined in accordance with IFRS, such as net income (loss), oil and natural gas sales revenue and net cash provided by (used in) operating activities as indicators of our performance.

"Funds flow per share – operating activities" is a supplemental financial measure. Funds flow per share – operating activities is comprised of funds flow provided by (used in) operating activities divided by the basic and diluted weighted average number of common shares outstanding for the period. See "Summary of Financial Information".

"Net cash per share – operating activities" is a supplemental financial measure. Net cash per share – operating activities is comprised of net cash provided by (used in) operating activities divided by the basic and diluted weighted average number of common shares outstanding for the period. See "Summary of Financial Information".

"Non-current financial liabilities" is a supplemental financial measure. Non-current financial liabilities is comprised of the non-current portions of trade and other payables, taxes payable, notes payable and lease liabilities as presented in the Company's consolidated statements of financial position. See "Summary of Financial Information".

"Operating Netback" is a non-IFRS measure. Operating netback is comprised of oil and natural gas sales less export tax, royalties and turnover tax and operating costs. Management believes this measure is a useful supplemental measure of the Company's profitability relative to commodity prices. See "Operating Netback" for a reconciliation of operating netback to oil and natural gas sales revenue, being our nearest measure prescribed by IFRS.

"Operating netback per BOE" is a non-IFRS ratio. Operating netback per BOE is comprised of operating netback divided by total BOE sales volumes in the period. Management believes this measure is a useful supplemental measure of the Company's profitability relative to commodity prices. In addition, management believes that operating netback per BOE is a key industry performance measure of operational efficiency and provide investors with information that is also commonly presented by other crude oil and natural gas producers. Operating netback is a non-IFRS measure. See "Operating Netback" for the calculation of operating netback per BOE.

"Working capital" is a capital management measure. Working capital is comprised of current assets less current liabilities. Management believes that working capital is a useful measure to assess the Company's capital position and its ability to execute its existing exploration commitments and its share of any development programs. See "Summary of Financial Information" for a reconciliation of working capital to current assets and current liabilities, being our nearest measures prescribed by IFRS.

*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; "WI" means working interest; 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: that the construction of the oil pipeline to connect the Cruz del Sur oil storage facility and the San Martin oil field with the Total Austral operated Rio Cullen marine terminal will be accelerated; that Crown Point will export oil by truck to the Enap refinery at San Gregorio, Chile and to the Total Austral operated Rio Cullen marine terminal in Tierra del Fuego; that the sales price at both San Gregorio and Rio Cullen will be indexed to the Brent oil price; under "Operational Update", the operations that we intend to conduct (including the wells that we intend to drill) on the TDF and CH Concessions and the CLL Exploration Permit during fiscal 2022; under "Outlook", our estimated capital spending for fiscal 2022, in each case in total and in each area and the operational activities at TDF, CH and CLL that we expect to complete during fiscal 2022; 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: that the Company experiences delays building the pipeline to the Rio Cullen marine terminal or is unable to build the pipeline at all; that the Company is unable to truck oil to the Enap refinery and/or the Rio Cullen marine terminal and/or that the cost to do so rises and/or becomes uneconomic; the price received by the Company for its oil is at a substantial discount to the Brent oil price; the risks and other factors described under "Business Risks and Uncertainties" in our MD&A for the three months and year ended December 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 cost to build the aforementioned pipeline; trucking costs; 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 balance crude oil production levels and thereby sustain higher 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, revenues to be derived therefrom and the ability of the joint venture to reduce operating costs; the impact of inflation rates in Argentina and the devaluation of the Argentine peso against the USD on the Company; 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); 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 operators of the projects which the Company has an interest in to operate the fields in a safe, efficient and effective manner; that the Company will not pay dividends 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.

**Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.**