CROWN POINT ENERGY INC.
Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2022
(Unaudited)

CROWN POINT ENERGY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(United States Dollars)

As at	Note		June 30 2022		December 31 2021
Assets					
Current assets:					
Cash		$	488,707	$	3,221,118
Trade and other receivables	4		4,738,140		3,312,898
Oil inventory			2,731,226		271,332
Prepaid expenses and other current assets	5		4,130,006		3,456,336
			12,088,079		10,261,684
Property and equipment	6		38,217,103		35,536,342
Exploration and evaluation assets	7		14,680,286		12,210,949
Restricted cash	9		291,538		299,560
		$	65,277,006	$	58,308,535
Liabilities and Shareholders' Equity					
Current liabilities:					
Trade and other payables		$	7,914,003	$	4,420,016
Bank debt	8		6,104,639		-
Current portion of notes payable	9		2,662,620		2,169,965
Current taxes payable			58,196		70,950
Current portion of decommissioning provision	11		443,613		597,195
Current portion of lease liabilities	12		66,744		76,900
			17,249,815		7,335,026
Non-current trade and other payables			270,010		285,693
Non-current taxes payable			24,253		65,045
Notes payable	9		2,412,843		3,209,280
Decommissioning provision	11		11,477,431		11,355,084
Lease liabilities	12		187,569		243,013
Deferred tax liability	17		4,213,004		4,038,821
			35,834,925		26,531,962
Shareholders' equity:					
Share capital			56,456,328		56,456,328
Contributed surplus			655,258		600,462
Accumulated other comprehensive loss			(18,296,063)		(18,216,364)
Deficit			(9,373,442)		(7,063,853)
			29,442,081		31,776,573
		$	65,277,006	$	58,308,535

Commitments (Note 21)
Subsequent events (Note 23)

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

See accompanying notes to condensed interim consolidated financial statements.

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

	Note	For the three months ended June 30 2022	For the three months ended June 30 2021	For the six months ended June 30 2022	For the six months ended June 30 2021
Revenue					
Oil and natural gas sales	15	$ 8,214,263	$ 7,849,780	$ 13,702,094	$ 11,378,149
Processing income		36,605	66,629	100,656	112,037
Export tax		(285,561)	(352,454)	(421,536)	(469,516)
Royalties and turnover tax		(1,303,129)	(1,324,582)	(2,153,328)	(1,879,226)
		6,662,178	6,239,373	11,227,886	9,141,444
Expenses					
Operating		3,741,716	2,871,257	6,525,506	4,187,044
General and administrative		913,245	707,096	1,811,591	1,379,697
Depletion and depreciation		1,494,670	1,698,951	2,934,435	2,758,005
Loss on decommissioning provision	7	20,727	-	54,228	-
Fair value adjustment of contingent consideration		141,366	-	113,141	-
Share-based payments	13	24,058	97,169	54,796	124,317
Foreign exchange results		(290,062)	(231,159)	395,202	21,641
		6,045,720	5,143,314	11,888,899	288,294
Operating (loss) income		616,458	1,096,059	(661,013)	8,853,150
Net finance expense	16	(1,016,912)	(426,287)	(1,474,393)	(599,499)
(Loss) income before taxes		(400,454)	669,772	(2,135,406)	8,253,651
Tax expense	17	(267,036)	(1,142,264)	(174,183)	(630,037)
Net (loss) income		(667,490)	(472,492)	(2,309,589)	7,623,614
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of the Canadian parent company		(94,603)	17,270	(79,699)	39,055
Total comprehensive (loss) income		$ (762,093)	$ (455,222)	$ (2,389,288)	$ 7,662,669
Net (loss) income per share	14				
Basic		$ (0.01)	$ (0.01)	$ (0.03)	$ 0.10
Diluted		$ (0.01)	$ (0.01)	$ (0.03)	$ 0.10

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 six months ended June 30	Note		2022		2021
Share capital					
Balance, January 1 and June 30		$	56,456,328	$	56,456,328
Contributed surplus					
Balance, January 1			600,462		412,947
Share-based payments	13		54,796		124,317
Balance, June 30			655,258		537,264
Accumulated other comprehensive loss					
Balance, January 1			(18,216,364)		(18,239,476)
Exchange differences on translation of Canadian parent company			(79,699)		39,055
Balance, June 30			(18,296,063)		(18,200,421)
Deficit					
Balance, January 1			(7,063,853)		(16,838,606)
Net (loss) income			(2,309,589)		7,623,614
Balance, June 30			(9,373,442)		(9,214,992)
Total shareholders' equity		$	29,442,081	$	29,578,179

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 six months ended June 30	Note		2022		2021
Operating activities:					
Net (loss) income		$	(2,309,589)	$	7,623,614
Items not affecting cash:					
Depletion and depreciation			2,934,435		2,758,005
Gain on acquisition of working interest			-		(8,182,410)
Loss on decommissioning provision	7		54,228		-
Fair value adjustment of contingent consideration	10		113,141		-
Share-based payments	13		54,796		124,317
Unrealized foreign exchange (gain) loss			(416,130)		(158,541)
Finance expense			1,218,427		491,783
Decommissioning expenditures	11		(130,217)		-
Tax provision	17		174,183		630,037
Funds flow provided by operating activities			1,693,274		3,286,805
Change in non-cash working capital	18		(3,278,637)		(945,570)
Net cash provided by (used in) operating activities			(1,585,363)		2,341,235
Financing activities:					
Bank debt proceeds	8		9,375,831		1,106,120
Bank debt repayment	8		(2,805,583)		(2,003,584)
Notes payable proceeds	9		-		5,309,777
Restricted cash			8,022		(278,837)
Lease payments	12		(36,139)		(15,017)
Interest paid	18		(978,821)		(216,216)
Net cash provided by financing activities			5,563,310		3,902,243
Investing activities:					
Acquisition of working interest	5		-		(4,166,500)
Property and equipment expenditures	6		(6,220,999)		(1,763,482)
Exploration and evaluation expenditures	7		(2,547,913)		-
Change in other non-current assets			-		120
Change in non-cash working capital	18		2,634,655		751,237
Net cash used in investing activities			(6,134,257)		(5,178,625)
Change in cash			(2,156,310)		1,064,853
Foreign exchange effect on cash held in foreign currencies			(576,101)		(43,103)
Cash, January 1			3,221,118		654,743
Cash, June 30		$	488,707	$	1,676,493

See accompanying notes to these condensed interim consolidated financial statements.

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 June 30, 2022, 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, 2021.

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 June 30, 2022 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 August 10, 2022.

3. AMENDED ACCOUNTING PRONOUNCEMENTS:

The Company has adopted amendments to the following accounting pronouncements effective January 1, 2022 with no impact on the Company’s June 30, 2022 condensed interim consolidated financial statements:

IAS 16 Property, Plant and Equipment

Amendments to IAS 16 Property, Plant and Equipment prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize such sales proceeds and related costs in profit or loss.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

(United States dollars)

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. The majority of the Company's oil production is exported by the Company to two international traders and to two Argentine companies; the majority of the Company's natural gas production is sold by the Company to several Argentine companies.

Three major purchasers that represent 100% of oil revenue reported in the six months ended June 30, 2022 comprise $3,615,915 of accounts receivable at June 30, 2022 (December 31, 2021 – three major purchasers, 100% of oil revenue, $2,674,905 of accounts receivable) and three major purchasers that represent 45% of natural gas revenue reported in the three months ended June 30, 2022 comprise $498,501 of accounts receivable at June 30, 2022 (December 31, 2021 – three major purchasers, 43% of natural gas revenue, $241,877 of accounts receivable) (Note 15).

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

	June 30 2022	December 31 2021
Due from Argentine companies	$ 2,077,364	$ 1,893,440
Due from an international company	2,283,912	1,658,327
Due from related parties (Note 19)	186,675	–
Other receivables	508,852	80,201
Allowance for credit losses	(318,663)	(319,070)
Total trade and other receivables	$ 4,738,140	$ 3,312,898

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

	June 30 2022	December 31 2021
Not past due (less than 90 days)	$ 4,744,767	$ 3,306,349
Past due (more than 90 days)	312,036	325,619
	5,056,803	3,631,968
Allowance for credit losses	(318,663)	(319,070)
Total trade and other receivables	$ 4,738,140	$ 3,312,898

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

	June 30 2022	December 31 2021
Prepaid expenses	$ 1,785,200	$ 1,587,047
Value Added Tax	2,344,806	1,869,289
	$ 4,130,006	$ 3,456,336

(United States dollars)

6. PROPERTY AND EQUIPMENT:

	Argentina			Canada	
	Development and Production Assets	Right-of-Use Assets	Other Assets	Other Assets	Total
Cost:	$	$	$	$	$
Balance, December 31, 2021	102,867,626	367,468	538,617	308,465	104,082,176
Additions	6,203,808	–	17,191	–	6,220,999
Decommissioning additions (Note 11)	36,607	–	–	–	36,607
Effect of change in exchange rates	–	(44,799)	–	(5,180)	(49,979)
Balance, June 30, 2022	109,108,041	322,669	555,808	303,285	110,289,803
Accumulated depletion and depreciation:					
Balance, December 31, 2021	67,712,043	59,085	477,674	297,032	68,545,834
Depletion and depreciation	3,493,279	28,930	13,813	1,693	3,537,715
Effect of change in exchange rates	–	(5,840)	–	(5,009)	(10,849)
Balance, June 30, 2022	71,205,322	82,175	491,487	293,716	72,072,700
Net carrying amount:					
At December 31, 2021	35,155,583	308,383	60,943	11,433	35,536,342
At June 30, 2022	37,902,719	240,494	64,321	9,569	38,217,103

Right-of-use assets:

The Company recognizes right-of-use assets and corresponding lease liabilities (Note 12) related to certain office premises and equipment in Argentina. Right-of-use assets are depreciated on a straight-line basis over the 10-year term of the related leases.

Future development costs:

The depletion expense calculation for the six months ended June 30, 2022 included $39.7 million (December 31, 2021 – $45.9 million) for estimated future development costs associated with proved and probable reserves in Argentina.

7. EXPLORATION AND EVALUATION ASSETS (''E&E''):

Carrying amount, December 31, 2021	$	12,210,949
Additions		2,547,913
Loss on decommissioning (Note 11)		(78,576)
Carrying amount, June 30, 2022	$	14,680,286

E&E assets consist of the Company's intangible exploration projects in Argentina which are pending the determination of proven or probable reserves.

During the six months ended June 30, 2022, the Company fulfilled the decommissioning obligation for an E&E well that was written-off in a previous year. The loss on decommissioning represents the write-off of the carrying amount of decommissioning revisions related to the previously written-off well.

(United States dollars)

8. BANK DEBT:

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

Balance, December 31, 2021	$	–
Proceeds		9,375,831
Repayment		(2,805,583)
Interest accrued (Note 16)		568,179
Interest paid		(470,473)
Effect of change in exchange rates		(563,315)
Balance, June 30, 2022	$	6,104,639

(a) Banco Hipotecario S.A.

On February 23, 2022, the Company obtained an overdraft loan of up to ARS 150 million ($1.4 million) with Banco Hipotecario at an interest rate of 40.5% to 45% per annum for a maximum term of six months. On April 11, 2022, the overdraft limit was increased to ARS 460 million ($3.7 million) for a one-year term at an interest rate of 43% to 54% per annum. The overdraft is guaranteed by ST Inversiones S.A. under the agreement with Banco Hipotecario (Note 19).

As at June 30, 2022, ARS 368.6 million ($2.9 million) was drawn on the overdraft loan. During the six months ended June 30, 2022, the Company recognized $261,970 of interest on the overdraft loan, of which $211,803 was paid and $50,167 is included in bank debt as at June 30, 2022.

(b) Sociedad de Bolsa Centaurus S.A.

On January 14, 2022, the Company obtained a $0.5 million working capital loan with Sociedad de Bolsa Centaurus S.A. at an interest rate of 4% per annum and a fee of 0.5% of the loan principal. The loan plus $384 of accrued interest was repaid on January 21, 2022.

On April 13, 2022, the Company obtained a $0.25 million working capital loan with Sociedad de Bolsa Centaurus S.A. at an annual interest rate of 4% and a commission fee of 0.5% of the principal of the loan. The loan plus $384 of accrued interest was paid on April 27, 2022.

(c) Banco CMF S.A.

On February 18, 2022, the Company obtained an ARS 30 million ($0.3 million) working capital loan with Banco CMF S.A. repayable on August 18, 2022 and bearing interest at a variable rate calculated and payable monthly. The interest rate is 46% for the first month and thereafter will be calculated based on the BADLAR Corregida (currently 64.25%) plus 4.5% per annum. The Company paid a structuring fee of 0.5% of the loan principal.

During the six months ended June 30, 2022, the Company recognized $51,052 of interest on the Banco CMF S.A. loan, of which $47,401 was paid and $3,651 is included in bank debt as at June 30, 2022.

(d) Banco Galicia S.A.U.

On March 18, 2022, the Company obtained an ARS 30 million ($0.3 million) working capital loan with Banco Galicia S.A.U. repayable on October 23, 2022 and at an interest rate of 41% calculated and payable monthly.

On April 6, 2022, the Company obtained an overdraft loan for up to ARS 10 million ($0.1 million) with Banco Galicia S.A.U., at an annual interest rate of 55% to 67%. As at June 30, 2022, ARS 9.9 million ($0.1 million) was drawn on the overdraft loan, all of which was repaid on July 7, 2022.

During the six months ended June 30, 2022, the Company recognized $37,448 of interest on the Banco Galicia S.A.U. working capital loan and overdraft, of which $34,083 was paid and $3,365 is included in bank debt as at June 30, 2022.

(e) Banco Macro S.A.

On April 12, 2022, the Company obtained an ARS 250 million ($2.3 million) working capital loan with Banco Macro S.A. at an annual interest rate of 48.5%. The loan plus $161,196 of accrued interest was repaid on June 11, 2022. The loan was guaranteed by ST Inversiones S.A. (Note 19).

(f) Banco Supervielle S.A.

On May 19, 2022, the Company obtained an ARS 40 million ($0.3 million) working capital loan with Banco Supervielle S.A. at an annual interest rate of 57.5% and repayable on November 11, 2022.

During the six months ended June 30, 2022, the Company recognized $22,115 of interest on the Banco Supervielle S.A. loan, of which $14,556 was paid and $7,559 is included in bank debt as at June 30, 2022.

(g) Banco de la Nación Argentina

On June 7, 2022, the Company obtained an ARS 110 million ($0.9 million) working capital loan with Banco Nación S.A. repayable in five equal installments commencing on September 5, 2022 until the maturity date of June 2, 2023 and bearing interest at a variable rate, calculated and payable quarterly. The interest rate is calculated based on the BADLAR (44.55% at June 30, 2022) plus 6% per annum.

During the six months ended June 30, 2022, the Company recognized $31,320 of interest on the Banco Nación S.A. loan, of which $nil was paid.

(h) HSBC Bank Argentina S.A.

On June 9, 2022, the Company obtained a $1 million export financing loan with HSBC Bank Argentina S.A. at an annual interest rate of 3% all of which was repaid on August 4, 2022.

On June 22, 2022, the Company obtained an overdraft loan of up to ARS 50 million ($0.4 million) with HSBC Bank Argentina S.A. at an interest rate of 54% per annum. As at June 30, 2022, ARS 38.5 million ($0.3 million) was drawn on the overdraft loan, all of which was repaid on July 7, 2022.

During the six months ended June 30, 2022, the Company recognized $2,310 of interest on the export financing loan and overdraft loan, of which $666 was paid and $1,644 is included in bank debt as at June 30, 2022.

9. NOTES PAYABLE:

In 2021, Crown Point Energía issued $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 are repayable in eight equal installments commencing on July 1, 2022 until the maturity date of June 30, 2024 and bear interest at 8% per annum and BADLAR Privados (44.55% at June 30, 2022) plus 6.75% per annum, respectively, payable quarterly.

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

Balance, December 31, 2021	$	5,379,245
Accretion of transaction costs (Note 16)		23,335
Interest accrued (Note 16)		529,316
Interest paid		(508,348)
Effect of change in exchange rates		(348,085)
Balance, June 30, 2022	$	5,075,463
Current portion of notes payable		(2,662,620)
Long-term notes payable	$	2,412,843

(United States dollars)

Restricted cash

As at June 30, 2022, $291,538 (ARS 36.5 million) (December 31, 2021 – $299,560 (ARS 30.7 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.

10. CONTINGENT CONSIDERATION (LIABILITY) RECEIVABLE:

A reconciliation of the contingent consideration (liability) receivable is as follows:

	Liability (a)	Receivable (b)	Net
Balance, December 31, 2021	(81,259)	53,034	(28,225)
Fair value adjustment	(325,704)	212,563	(113,141)
Balance, June 30, 2022	$ (406,963)	$ 265,597	$ (141,366)

(a) Contingent consideration liability

Pursuant to the 2018 acquisition of St. Patrick Oil & Gas S.A. (formerly Apco Austral S.A.) ("St. Patrick"), the Company makes quarterly payments to the vendor until December 31, 2027 equal to 10% of the amount by which net revenue (oil and gas revenue less provincial royalties) received by the Company in respect of St. Patrick's participating interest in the TDF Concessions for the quarter exceeds certain base net revenue thresholds for such quarter. If in any quarter the net revenues received by the Company in respect of St. Patrick's participating interest do not exceed the base net revenue threshold for that quarter, then no royalty payment will be payable.

The forecast net revenues based on the externally prepared December 31, 2021 reserve report did not exceed the base net revenue for future quarters. As a result, the estimated fair value of the contingent consideration liability at December 31, 2021 was $nil.

As at June 30, 2022, the Company estimated a contingent consideration liability related to the current year for an amount of $406,963 and it is included in trade and other payables.

(b) Contingent consideration receivable

As part of the consideration for the disposition of a 16.8251% participating interest in the TDF Concessions to its UTE partners in April 2019 (the "ROFR Sale"), the UTE partners make payments to the Company equal to their proportionate share of contingent royalty payments that accrue following the closing of the ROFR Sale.

The forecast net revenues based on the externally prepared December 31, 2021 reserve report did not exceed the base net revenue for future quarters. As a result, the estimated fair value of the contingent consideration receivable at December 31, 2021 was $nil.

As at June 30, 2022, the Company estimated a contingent consideration receivable related to the current year for an amount of $265,597 and it is included in trade and other receivables.

11. DECOMMISSIONING PROVISION:

As at June 30, 2022, the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately $19.1 million to be incurred in the next 1 to 24 years (December 31, 2021 – $15.2 million). A risk-free interest rate of 3.19% to 3.48% (December 31, 2021 – 1.23% to 1.90%) and an inflation rate of 4.20% to 3.20% (December 31, 2021 – 1.8%) was used to calculate the fair value of the decommissioning provision.

(United States dollars)

A reconciliation of the decommissioning provision is provided below:

Balance, December 31, 2021	$	11,952,279
Addition		36,607
Expenditures		(130,217)
Gain on settlement		(24,348)
Accretion (Note 16)		86,723
Balance, June 30, 2022		11,921,044
Current portion of decommissioning provision		(443,613)
Long-term portion of decommissioning provision	$	11,477,431

The gain on settlement represents the difference between the decommissioning provision and the actual expenditures made to settle the obligation. The gain on settlement has been net against the loss on decommissioning (Note 7) resulting in the recognition of a $54,228 loss on decommissioning provision.

12. 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, 2021	$	319,913
Interest (Note 16)		10,874
Payments		(36,139)
Effect of change in exchange rates		(40,335)
Balance, June 30, 2022		254,313
Current portion of lease liabilities		(66,744)
Long-term lease liabilities	$	187,569

Total expected payments under lease agreements for office and equipment are $5,562 per month ($66,743 per year) until December 31, 2026.

13. SHARE-BASED PAYMENTS:

As at June 30, 2022 and December 31, 2021, the Company had 4,350,000 stock options outstanding. Information about stock options outstanding as at June 30, 2022 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	1.8	2,175,000
May 31, 2026	2,175,000	$ 0.20	3.9	1,450,000
	4,350,000	$ 0.48	2.8	3,625,000

During the three and six months ended June 30, 2022, the Company recognized $24,058 and $54,796 (three and six months ended June 30, 2021 –$97,169 and $124,317), respectively, of share-based payment expense. As at June 30, 2022, the balance of unvested share-based payments was $37,529.

(United States dollars)

14. PER SHARE AMOUNTS:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Net income (loss) for the period	(667,490)	(472,492)	(2,309,589)	7,623,614
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	(0.01)	(0.01)	(0.03)	0.10
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	– (1)	– (1)	– (1)	82,595
	72,903,038	72,903,038	72,903,038	72,985,633
Net income (loss) per share – diluted	(0.01)	(0.01)	(0.03)	0.10

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

For the purposes of calculating the dilutive effect of stock options for the six months ended June 30, 2021, the Company used an average market price for its shares of CAD 0.26 per share based on quoted market prices for the period that in-the-money stock options were outstanding.

The effect of stock options is anti-dilutive in loss periods.

15. OIL AND NATURAL GAS SALES:

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

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Oil	6,635,821	6,510,716	11,159,249	9,297,590
Natural gas liquids	35,529	34,338	57,542	40,089
Natural gas	1,542,913	1,304,726	2,485,303	2,040,470
	8,214,263	7,849,780	13,702,094	11,378,149

During the three and six months ended June 30, 2022, 44% and 49%, respectively, of oil sales revenue was for domestic sales to one purchaser (three and six months ended June 30, 2021 – 28% and 23%; two purchasers) and 56% and 51%, respectively, of oil sales revenue was for export sales to two purchasers (three and six months ended June 30, 2021 – 72% and 77%; one purchaser). As at June 30, 2022, $3,615,915 (December 31, 2021 – $2,674,905) of oil sales revenue was in accounts receivable.

All of the Company's revenue from natural gas sales earned in the three and six months ended June 30, 2022, was for domestic sales, of which 45% was to three major purchasers (three and six months ended June 30, 2021 – domestic sales of which 37% was to three major purchasers). As at June 30, 2022, $498,501 (December 31, 2021 – $241,877) of natural gas sale revenue was in accounts receivable.

(United States dollars)

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

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Export	3,695,442	4,688,248	5,517,808	7,174,778
Domestic	4,518,821	3,161,532	8,184,286	4,203,371
	8,214,263	7,849,780	13,702,094	11,378,149

16. NET FINANCE EXPENSE:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Interest income	39,846	63,064	118,951	72,138
Financing fees and bank charges	(210,240)	(90,110)	(374,917)	(167,733)
Interest on bank debt (Note 8)	(517,291)	(92,609)	(568,179)	(203,956)
Interest on notes payable (Note 9)	(268,749)	(271,984)	(529,316)	(275,017)
Amortization of notes payable transaction costs (Note 9)	(11,667)	(12,121)	(23,335)	(12,121)
Accretion of decommissioning provision (Note 11)	(43,685)	(19,825)	(86,723)	(34,262)
Interest on lease liabilities (Note 12)	(5,126)	(2,702)	(10,874)	(5,548)
Gain on disposition of right-of-use assets and lease liabilities	–	–	–	27,000
	(1,016,912)	(426,287)	(1,474,393)	(599,499)

17. TAXES:

As at June 30, 2022, the Company's deferred tax liability was $4,213,004 (December 31, 2021 – $4,038,821).

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

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Current tax	–	–	–	–
Deferred tax provision	(267,036)	(1,142,264)	(174,183)	(630,037)
Tax recovery provision	(267,036)	(1,142,264)	(174,183)	(630,037)

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 six months ended June 30, 2022 and 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.

(United States dollars)

18. SUPPLEMENTAL CASH FLOW INFORMATION:

As of June 30, 2022, the Company has a $5,161,736 working capital deficit (December 31, 2021 – $2,926,658 working capital surplus) which includes $5,226,847 (December 31, 2021 – $6,543,016) of financial assets comprised of cash and trade and other receivables and $16,806,202 (December 31, 2021 – $6,737,831) of financial liabilities comprised of trade and other payables, bank debt, current portion of notes payable and current portion of lease liabilities with a contractual maturity of less than one year. During the six months ended June 30, 2022, the Company reported net cash used in operating activities in the amount of $1,585,363 (six months ended June 30, 2021 – $2,341,235 of net cash provided by operating activities).

(a) Change in non-cash working capital items

For the six months ended June 30	2022	2021
Trade and other receivables	$ (1,212,679)	$ (1,588,508)
Inventory	(1,856,614)	(270,329)
Prepaid expenses and other current assets	(673,670)	128,834
Trade and other payables	3,152,600	1,604,311
Taxes payable	(53,546)	(68,769)
Effect of change in exchange rates	(73)	128
	$ (643,982)	$ (194,333)
Attributable to:		
Operating activities	$ (3,278,637)	$ (945,570)
Investing activities	2,634,655	751,237
	$ (643,982)	$ (194,333)

(b) As at June 30, 2022, the Company held $488,707 (December 31, 2021 – $3,221,118) of cash in Canadian, United States and Argentine banks.

(c) During the six months ended June 30, 2022, the Company paid $978,821 (six months ended June 30, 2021 – $216,216) of interest expense on bank debt and notes payable (Notes 8 and 9).

(d) During the six months ended June 30, 2022, the Company paid $32,098 (ARS 3,644,278) (six months ended June 30, 2021 – $40,763 (ARS 3,644,278)) to Argentine tax authorities related to corporate income tax.

19. RELATED PARTY TRANSACTIONS:

During the six months ended June 30, 2022, the Company sold a portion of natural gas production from the TDF Concession to Energía y Soluciones S.A., a company controlled by Gabriel Obrador, who is the President, Chief Executive Officer and a director of the Company, for which the Company recognized $328,909 (ARS 40,498,144) (six months ended June 30, 2021 – $nil) of oil and gas revenue. Included in trade and other receivables as at June 30, 2022 is $186,675 (ARS 23,339,964) (six months ended June 30, 2021 – $nil) in respect of this revenue.

Mr. Pablo Peralta is a director of the Company and is the President and a director of Liminar Energía S.A. (**"Liminar"**) and Vice-President and a director of ST Inversiones S.A. and controls 30% and 50% of the voting shares, respectively. Liminar owns approximately 59.5% of the Company's outstanding common shares.

ST Inversiones S.A. has provided a guarantee of Banco Hipotecario overdrafts and Banco Macro working capital loan (Note 8(a) and (e)) for which the Company is charged a loan guarantee fee of 1% of the loan balance per annum and 1% of the loan, respectively. During the three and six months ended June 30, 2022, ST Inversiones S.A. charged the Company $25,498 and $26,172 (three months ended June 30, 2021 – $1,961 and $4,305), respectively, in loan guarantee fees. Included in trade and other payables as at June 30, 2022 is $3,669 (December 31, 2021 – $nil) payable to ST Inversiones S.A..

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

20. 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 June 30, 2022	Balance denominated in				Total USD equivalents	
	CAD		ARS			
Cash	$	2,985	$	57,427,286	$	461,627
Restricted cash	$	–	$	36,450,996	$	291,538
Trade and other receivables	$	6,182	$	37,425,328	$	304,133
Trade and other payables	$	(133,152)	$	(486,326,805)	$	(3,986,904)
Bank debt	$	–	$	(764,483,959)	$	(6,104,639)
Current and long-term taxes payable	$	–	$	(10,325,394)	$	(82,449)
Notes payable	$	–	$	(204,063,233)	$	(1,629,503)
Lease liabilities	$	–	$	(22,120,188)	$	(176,636)

As at December 31, 2021	Balance denominated in				Total USD equivalents	
	CAD		ARS			
Cash	$	1,920	$	328,003,537	$	3,200,927
Restricted cash	$	–	$	30,710,927	$	299,560
Trade and other receivables	$	5,497	$	8,878,853	$	90,949
Trade and other payables	$	(300,489)	$	(302,193,747)	$	(3,179,334)
Current and long-term taxes payable	$	–	$	(13,969,672)	$	(135,995)
Notes payable	$	–	$	(198,587,585)	$	(1,933,286)
Lease liabilities	$	–	$	(24,150,899)	$	(235,114)

(b) Currency devaluation:

Exchange rates as at	June 30 2022	December 31 2021
CAD to USD (1)	0.7768	0.7901
ARS to USD (2)	0.0080	0.0098
USD to ARS (2)	125.13	102.62

(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 six months ended June 30, 2022, the devaluation of ARS resulted in lower TDF and CH operating costs and general and administrative expenses incurred in Argentina by approximately 11% (six months ended June 30, 2021 – devaluation of ARS; lower by approximately 8%).

During the six months ended June 30, 2022, 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 $0.3 million (six months ended June 30, 2021 – devaluation of ARS; reduction by approximately $0.1 million).

The effect of currency devaluation on ARS denominated bank debt and notes payable during the six months ended June 30, 2022 was a $911,400 reduction (six months ended June 30, 2021 – $239,816 reduction of bank debt and notes payable) in the USD equivalent amount (Notes 8 and 9).

(United States dollars)

(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 June 30, 2022:

	Change in exchange rates	Impact on net income
Foreign exchange - effect of strengthening USD:		
CAD denominated financial assets and liabilities	5%	$ 4,820
ARS denominated financial assets and liabilities	10%	$ 1,083,690

21. COMMITMENTS:

(a) TDF Concessions

As at June 30, 2022, 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 June 30, 2022, the Company's share of expenditure commitments with respect to the CH Concession is $38.7 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.

22. 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 40.6 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:	
Property and equipment	$ 15,386,342
Inventory	63,737
Non-current trade and other payables	(129,228)
Decommissioning provision	(166,981)
Deferred tax liability	(2,804,960)
	12,348,910
Gain on acquisition of working interest	(8,182,410)
	$ 4,166,500

Consideration:	
Due to the Province of Mendoza (paid April 12, 2021)	$ 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 payable to the Province of Mendoza, thereby resulting in the recognition of an $8.2 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 June 30, 2021 unaudited interim condensed consolidated financial statements based on available information at that date.

23. SUBSEQUENT EVENTS:

On July 1, 2022, the Company made the first quarterly installment payments in respect of the Class I and Class II notes payable (Note 9) in the amount of ARS 52,308,725 ($422,321) and ARS 23,750,000 ($189,651), respectively.

On July 7, 2022, the Company obtained an ARS 300 million ($2.4 million) working capital loan with Banco Macro S.A., at an annual interest rate of 58% and payable on October 5, 2022. The loan is guaranteed by ST Inversiones S.A and the Company was charged a fee of 1% of the principal of the loan.

On July 7, 2022, the Company repaid the overdraft loans with Banco Galicia S.A.U. and HSBC Bank Argentina S.A. by an amount of ARS 10 million ($0.1 million) and ARS 40.1 million ($0.4 million), respectively.

On July 15, 2022, and July 27, 2022, the Company received ARS 7.7 million ($0.06 million) in tax credits on turnover tax and provincial royalties related to the "Mendoza Activa I" Programme requested for the investments made in the Chañares Herrados Concession.

On August 3, 2022, Crown Point Energía S.A. (**"CPE"**) launched the offering of Series III secured fixed-rate notes ("Series III Notes"), denominated in US$ and payable in ARS, due 36 months after the issue date, (the **"Offering"**).

On August 4, 2022, the Company repaid a $1 million export financing loan plus accrued interest for $4,438 with HSBC Bank Argentina S.A

On August 8, 2022, CPE, issued a total of $14,653,370 principal amount of Series III Notes, of which: $10,240,930 principal amount of Series III Notes were issued for cash consideration, payable in Pesos; $3,121,200 principal amount of Series III Notes were issued in exchange for the surrender and cancellation of $3,378,571 principal amount of Series I notes of the Company ("**Series I Notes**") at an exchange ratio of $93.77 principal amount of Series III Notes for every US$100 principal amount of Series I Notes; and $1,291,240 principal amount of Series III Notes were issued in exchange for the surrender and cancellation of 190,000,000 Pesos ($1,429,789) principal amount of Series II notes of the Company ("**Series II Notes**") at an exchange ratio of $90.31 principal amount of Series III Notes for every $100 principal amount of Series II Notes.

Following closing of the Offering, CPE has the following notes outstanding: $50,000 principal amount of Series I Notes; and $14,653,370 principal amount of Series III Notes. All of the Series II Notes have been cancelled.

The principal amount of the Series III Notes will be repaid in seven quarterly equal installments, starting on February 10, 2024 and ending on August 10, 2025. The Series III Notes will accrue interest at a fixed rate of 4% per annum, payable every three months in arrears from the issue date.

The net proceeds from the Offering will be used for general corporate purposes and to make investments for the development of new assets in Argentina.