

FOR IMMEDIATE RELEASE  
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CWV: TSX.V

## **Crown Point Announces Operating and Financial Results for the Three and Six Months Ended June 30, 2022**

**TSX-V: CWV: Crown Point Energy Inc.** (“Crown Point”, the “Company” or “we”) today announced its operating and financial results for the three and six months ended June 30, 2022.

Copies of the Company’s June 30, 2022 unaudited condensed interim consolidated financial statements and management’s discussion and analysis (“MD&A”) filings are being filed with Canadian securities regulatory authorities and will be made available under the Company’s profile at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.crownpointenergy.com](http://www.crownpointenergy.com). **All dollar figures are expressed in United States dollars (“USD”) unless otherwise stated.** References to “ARS” are to Argentina Pesos.

In the following discussion, the three and the six months ended June 30, 2022 may be referred to as “Q2 2022” and “the June 2022 period”, respectively, and as “the 2022 periods” collectively. The comparative three and six months ended June 30, 2021 may be referred to as “Q2 2021” and “the June 2021 period”, respectively, and as “the 2021 periods”, collectively.

### **Q2 2022 SUMMARY**

During Q2 2022, the Company:

- Reported loss before taxes of \$0.4 million and a net loss of \$0.7 million as compared to Q2 2021 when the Company reported income before taxes of \$0.7 million and a net loss of \$0.5 million;
- Reported net cash used by operating activities of \$1.6 million and funds flow from operating activities of \$1.6 million as compared to Q2 2021 when the Company reported \$0.8 million of net cash from operating activities and \$2.8 million of funds flow from operating activities;
- Earned \$8.2 million of oil and natural gas sales revenue on total average daily sales volumes of 1,472 BOE per day, up from \$7.8 million of oil and natural gas sales revenue earned on total average daily sales volumes of 1,952 BOE per day in Q2 2021 due to the lower sales volumes being offset by an increase in commodity prices;
- Received an average of \$4.99 per mcf for natural gas and \$81.17 per bbl for oil compared to \$3.47 per mcf for natural gas and \$57.16 per bbl for oil received in Q2 2021;
- Reported an operating netback of \$20.32 per BOE <sup>1</sup>, up from \$18.06 per BOE in Q2 2021;
- Obtained \$7.0 million of short-term overdraft and working capital loans and repaid \$2.3 million of short-term working capital loans; and
- Reported a working capital deficit <sup>2</sup> of \$5.2 million.

### **SUBSEQUENT EVENTS**

Subsequent to June 30, the Company:

- Repaid \$0.6 million of Class I and Class II notes payable;
- Obtained a \$2.4 million working capital loan;
- Repaid overdraft loans by an amount of \$0.5 million and repaid a \$1 million export financing loan;
- Received \$0.06 million of royalty and turnover tax credits under the Mendoza Activa Hydrocarbons Programs; and

<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”.

- Launched the offering of Series III secured fixed-rate notes ("**Series III Notes**"), denominated in USD and payable in ARS, due 36 months after the issue date (the "**Offering**").
- 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, the following notes are 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.

## **OPERATIONAL UPDATE**

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

During Q2 2022, San Martín oil production averaged 1,716 (net 583) bbls of oil per day. Completion and flow testing of SM a-1004, drilled in Q1 2022 and located on the western crest of the San Martín high, was carried out between March 22 and May 11. During June 2022, SM a-1004 produced an average of 736 (net 256) bbls of oil per day. Additionally, a workover was performed on the SM.x-1003 well to test the Springhill sands formation and the well entered production in late June 2022.

During Q2 2022, natural gas production from the Las Violetas concession averaged 12,107 (net 4,162) mcf per day and oil production averaged 313 (net 108) bbls of oil per day. Drilling operations on the LV-118(h) well, a 700 meter lateral horizontal well located in the northeast corner of the concession spud in during Q1 2022, were halted on May 3 after an obstruction was encountered in the cased horizontal build section at a depth of 1,720 meters. Repairs on LV-118(h) are planned in Q3 2022 to find out the causes of obstruction and further develop the perforation and completion plan.

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

During the June 2022 period, the UTE carried out workovers on five shut-in oil wells and performed three extractive system enhancements. Oil production for Q2 2022 averaged 1,081 (net 541) bbls of oil per day.

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

The directional well, CPE.MdN.VS.xp-3(d), was drilled and cased in Q1 2022 after encountering 8 volcanic sills with oil shows and increased mud gas in the Mendoza Group, and log indicated gas bearing zones in the overlying Neuquén Group sandstones. Subsequent acid stimulation and swabbing of the volcanic sills recovered uneconomic amounts of oil with water. The well has been suspended pending testing of the gas bearing sandstone layers in the Neuquén Group in Q3 2022.

## **OUTLOOK**

The Company's capital spending on developed and producing assets for fiscal 2022 is budgeted at approximately \$9.2 million comprised of \$6.0 million in TDF and \$3.2 million in CH based on expenditures for the following proposed activities:

- \$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;
- \$0.5 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;
- \$2.1 million in other improvements to facilities in TDF; and
- \$3.2 million for well workovers, extractive system enhancements, facilities improvements and optimization in CH.

During the June 2022 period, the Company incurred \$4.5 million in the TDF area and \$1.7 million in the CH area.

The Company's capital spending on exploration and evaluation assets for fiscal 2022 is budgeted at \$3.3 million to drill and complete one exploration well in CLL and test the gas bearing sandstone layers of the Neuquén Group of which \$2.5 million was incurred during the June 2022 period.

#### ARGENTINA – INTERNATIONAL MONETARY FUND

The Board of Directors of the International Monetary Fund (“IMF”) approved the quarterly targets committed to by Argentina pursuant to the 30-month arrangement under an Extended Fund Facility (“EFF”) and determined that the Q1 2022 targets had been met. Despite this short-term achievement, it is doubtful that the Q2 2022 targets will be met as increased government spending makes deficit reductions unattainable and makes the Central Bank unable to accumulate international reserves. The inflation rate has accelerated in recent months, reaching 36.2% for the first six months of 2022 and 64% during the 12 months ended June 30, 2022.

Argentina is currently evaluating whether a waiver request or a reformulation of quarterly targets can be agreed with the IMF.

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

(expressed in \$, except shares outstanding)	June 30 2022	December 31 2021	December 31 2020
Current assets	12,088,079	10,261,684	6,141,993
Current liabilities	(17,249,815)	(7,335,026)	(3,120,403)
Working capital <sup>(2)</sup>	(5,161,736)	2,926,658	3,021,590
Exploration and evaluation assets	14,680,286	12,210,949	11,182,557
Property and equipment	38,217,103	35,536,342	16,358,182
Total assets	65,277,006	58,308,535	33,687,340
Non-current financial liabilities <sup>(2)</sup>	2,894,675	3,803,031	972,765
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 June 30	Six months ended June 30
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	2022	2021	2022	2021
Oil and natural gas sales revenue	8,214,263	7,849,780	13,702,094	11,378,149
Gain on acquisition of working interest	–	–	–	8,182,410
(Loss) income before taxes	(400,454)	669,772	(2,055,527)	8,253,651
Net (loss) income	(667,490)	(472,492)	(2,267,425)	7,623,614
Net (loss) income per share <sup>(3)</sup>	(0.01)	(0.01)	(0.03)	0.10
Net cash (used by) from operating activities	(1,553,129)	785,714	(1,585,363)	2,341,235
Net cash per share – operating activities <sup>(2)(3)</sup>	(0.02)	0.01	(0.02)	0.03
Funds flow from operating activities	1,646,589	2,776,872	1,693,274	3,286,805
Funds flow per share – operating activities <sup>(2)(3)</sup>	0.02	0.04	0.02	0.05
Weighted average number of shares – basic	72,903,038	72,903,038	72,903,038	72,903,038
Weighted average number of shares – diluted	72,903,038	72,903,038	72,903,038	72,985,633

- (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 based on the basic 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 June 30		Six months ended June 30	
	2022	2021	2022	2021
Total sales volumes (BOE)	134,038	177,634	262,317	295,514
Light oil bbls per day	898	1,252	852	903
NGL bbls per day	8	11	7	7
Natural gas mcf per day	3,398	4,136	3,545	4,335
Total BOE per day	1,472	1,952	1,450	1,633

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

	Three months ended June 30				Six months ended June 30			
	2022		2021		2022		2021	
	Per BOE		Per BOE		Per BOE		Per BOE	
Oil and natural gas revenue (\$)	8,214,263	61.28	7,849,780	44.19	13,702,094	52.23	11,378,149	38.50
Export tax (\$)	(285,561)	(3.32)	(352,454)	(2.51)	(421,536)	(2.59)	(469,516)	(1.86)
Royalties and turnover tax (\$)	(1,303,129)	(9.72)	(1,324,582)	(7.46)	(2,153,328)	(8.21)	(1,879,226)	(6.36)
Operating costs (\$)	(3,741,716)	(27.92)	(2,871,257)	(16.16)	(6,525,506)	(24.88)	(4,187,044)	(14.17)
Operating netback <sup>(1)</sup> (\$)	2,883,857	20.32	3,301,487	18.06	4,601,724	16.55	4,842,363	16.11

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

For inquiries please contact:

Gabriel Obrador  
President & CEO  
Ph: (403) 232-1150  
Crown Point Energy Inc.  
[gobrador@crownpointenergy.com](mailto:gobrador@crownpointenergy.com)

Marisa Tormakh  
Vice-President, Finance & CFO  
Ph: (403) 232-1150  
Crown Point Energy Inc.  
[mtormakh@crownpointenergy.com](mailto:mtormakh@crownpointenergy.com)

### **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 revenue 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; "bbbls" 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; "UTE" means Union Transitoria de Empresas, which is a registered joint venture contract established under the laws of Argentina; "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.*

***Initial Production Rates:** Any references herein to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Initial production rates may be estimated based on third party estimates or limited data available at the time. In all cases herein, initial production rates are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons.*

***Forward-looking Information:** This document contains forward-looking information. This information relates to future events and the Company's future performance. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information. Such information represents the Company's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this document may contain forward-looking information attributed to third party industry sources. Crown Point believes that the expectations reflected in this forward-looking information are reasonable; however, undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon*

which they are based will occur. This press release contains forward-looking information concerning, among other things, the following: under "Operational Update", the operations that we intend to conduct on the TDF and CH Concessions and the CLL Exploration Permit during fiscal 2022, the anticipated benefits to be derived therefrom and the timing thereof; under "Outlook", our estimated capital spending for fiscal 2022, in total and in each area and the operational activities at TDF, CH and CLL that we expect to complete during fiscal 2022; under "Argentina – International Monetary Fund", the ability of Argentina to comply with the terms of its EFF provided by the IMF or obtain a waiver therefrom; under "About Crown Point", all elements of the Company's business strategy and focus. 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. 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 and six month periods ended June 30, 2022 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). 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 and the timing thereof; 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 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 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 acquisition of our 50% interest in the CH Concession, including 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.**