



**CROWN POINT ENERGY INC.**  
**Condensed Interim Consolidated Financial Statements**  
For the three and nine months ended September 30, 2023  
(Unaudited)

## **Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2023.

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

(Unaudited)  
(United States Dollars)

| As at                                        | Note | September 30<br>2023 | December 31<br>2022  |
|----------------------------------------------|------|----------------------|----------------------|
| <b>Assets</b>                                |      |                      |                      |
| Current assets:                              |      |                      |                      |
| Cash                                         |      | \$ 403,931           | \$ 536,752           |
| Trade and other receivables                  | 3    | 3,255,779            | 3,536,655            |
| Oil inventory                                |      | 1,370,191            | 1,584,591            |
| Prepaid expenses and other current assets    | 4    | 2,761,856            | 4,194,184            |
|                                              |      | <u>7,791,757</u>     | <u>9,852,182</u>     |
| Property and equipment                       | 5    | 42,360,780           | 43,963,610           |
| Exploration and evaluation assets            |      | 14,115,371           | 14,115,555           |
| Restricted cash                              | 8    | 158,407              | 252,200              |
|                                              |      | <u>\$ 64,426,315</u> | <u>\$ 68,183,547</u> |
| <b>Liabilities and Shareholders' Equity</b>  |      |                      |                      |
| Current liabilities:                         |      |                      |                      |
| Trade and other payables                     | 6    | \$ 6,313,632         | \$ 6,107,607         |
| Loans                                        | 7    | 1,149,582            | 4,123,737            |
| Current portion of notes payable             | 8    | 6,301,732            | 7,233                |
| Current taxes payable                        |      | 3,471                | 37,707               |
| Current portion of decommissioning provision | 10   | 367,797              | 365,418              |
| Current portion of lease liabilities         | 11   | 508,883              | 483,527              |
|                                              |      | <u>14,645,097</u>    | <u>11,125,229</u>    |
| Non-current trade and other payables         | 6    | 703,895              | 547,493              |
| Notes payable                                | 8    | 15,732,339           | 14,535,149           |
| Decommissioning provision                    | 10   | 10,435,215           | 10,947,914           |
| Lease liabilities                            | 11   | 578,289              | 972,363              |
| Deferred tax liability                       |      | 2,435,578            | 4,155,067            |
|                                              |      | <u>44,530,413</u>    | <u>42,283,215</u>    |
| Shareholders' equity:                        |      |                      |                      |
| Share capital                                |      | 56,456,328           | 56,456,328           |
| Contributed surplus                          |      | 691,343              | 675,195              |
| Accumulated other comprehensive loss         |      | (18,249,568)         | (18,260,539)         |
| Deficit                                      |      | (19,002,201)         | (12,970,652)         |
|                                              |      | <u>19,895,902</u>    | <u>25,900,332</u>    |
|                                              |      | <u>\$ 64,426,315</u> | <u>\$ 68,183,547</u> |

Commitments (Note 21)  
Subsequent events (Note 22)

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

See accompanying notes to the 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<br>September 30 |               | For the nine months ended<br>September 30 |                |
|--------------------------------------------------------------------|------|--------------------------------------------|---------------|-------------------------------------------|----------------|
|                                                                    |      | 2023                                       | 2022          | 2023                                      | 2022           |
| <b>Revenue</b>                                                     |      |                                            |               |                                           |                |
| Oil and natural gas sales                                          | 14   | \$ 7,400,992                               | \$ 10,751,784 | \$ 21,235,332                             | \$ 24,453,878  |
| Processing income                                                  |      | 64,507                                     | 71,536        | 191,658                                   | 172,192        |
| Export tax                                                         |      | (139,494)                                  | (470,681)     | (377,964)                                 | (892,217)      |
| Royalties and turnover tax                                         |      | (1,299,685)                                | (2,053,781)   | (3,557,850)                               | (4,207,109)    |
|                                                                    |      | 6,026,320                                  | 8,298,858     | 17,491,176                                | 19,526,744     |
| <b>Expenses</b>                                                    |      |                                            |               |                                           |                |
| Operating                                                          |      | 4,793,415                                  | 4,948,226     | 15,048,736                                | 11,473,732     |
| General and administrative                                         | 15   | 605,244                                    | 758,888       | 2,048,239                                 | 2,570,479      |
| Depletion and depreciation                                         |      | 1,925,601                                  | 2,018,328     | 5,724,323                                 | 4,952,763      |
| Gain on acquisition of working interest                            |      | -                                          | (1,046,626)   | -                                         | (1,046,626)    |
| Loss on decommissioning provision                                  |      | -                                          | -             | -                                         | 54,228         |
| Fair value adjustment of contingent consideration                  |      | -                                          | (65,107)      | -                                         | 48,034         |
| Share-based compensation expense                                   | 12   | -                                          | 10,165        | 16,148                                    | 64,961         |
| Foreign exchange (gain) loss                                       |      | 180,198                                    | 666,188       | (630,642)                                 | 1,061,390      |
|                                                                    |      | 7,504,458                                  | 7,290,062     | 22,206,804                                | 19,178,961     |
| Operating (loss) income                                            |      | (1,478,138)                                | 1,008,796     | (4,715,628)                               | 347,783        |
| Net finance expense                                                | 16   | (606,838)                                  | (1,478,302)   | (3,035,410)                               | (2,952,695)    |
| Loss before taxes                                                  |      | (2,084,976)                                | (469,506)     | (7,751,038)                               | (2,604,912)    |
| Tax (provision) recovery                                           | 17   | 57,339                                     | (415,151)     | 1,719,489                                 | (589,334)      |
| <b>Net loss</b>                                                    |      | (2,027,637)                                | (884,657)     | (6,031,549)                               | (3,194,246)    |
| <b>Other comprehensive income (loss)</b>                           |      |                                            |               |                                           |                |
| Items that may be subsequently reclassified to profit or loss      |      |                                            |               |                                           |                |
| Exchange differences on translation of the Canadian parent company |      | (17,192)                                   | 18,440        | 10,971                                    | (61,259)       |
| <b>Total comprehensive loss</b>                                    |      | \$ (2,044,829)                             | \$ (866,217)  | \$ (6,020,578)                            | \$ (3,255,505) |
| <b>Net loss per share</b>                                          |      |                                            |               |                                           |                |
| Basic                                                              | 13   | \$ (0.03)                                  | \$ (0.01)     | \$ (0.08)                                 | \$ (0.04)      |

See accompanying notes to these condensed interim consolidated financial statements.

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

(Unaudited)

(United States Dollars)

| For the nine months ended September 30                         | Note | 2023                 | 2022                 |
|----------------------------------------------------------------|------|----------------------|----------------------|
| <b>Share capital</b>                                           |      |                      |                      |
| Balance, January 1 and September 30                            |      | \$ 56,456,328        | \$ 56,456,328        |
| <b>Contributed surplus</b>                                     |      |                      |                      |
| Balance, January 1                                             |      | 675,195              | 600,462              |
| Share-based payments                                           | 12   | 16,148               | 64,961               |
| Balance, September 30                                          |      | 691,343              | 665,423              |
| <b>Accumulated other comprehensive loss</b>                    |      |                      |                      |
| Balance, January 1                                             |      | (18,260,539)         | (18,216,364)         |
| Exchange differences on translation of Canadian parent company |      | 10,971               | (61,259)             |
| Balance, September 30                                          |      | (18,249,568)         | (18,277,623)         |
| <b>Deficit</b>                                                 |      |                      |                      |
| Balance, January 1                                             |      | (12,970,652)         | (7,063,853)          |
| Net loss                                                       |      | (6,031,549)          | (3,194,246)          |
| Balance, September 30                                          |      | (19,002,201)         | (10,258,099)         |
| <b>Total shareholders' equity</b>                              |      | <b>\$ 19,895,902</b> | <b>\$ 28,586,029</b> |

See accompanying notes to these condensed interim consolidated financial statements.

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

(Unaudited)  
(United States Dollars)

| For the nine months ended September 30                     | Note | 2023               | 2022                |
|------------------------------------------------------------|------|--------------------|---------------------|
| <b>Operating activities:</b>                               |      |                    |                     |
| Net loss                                                   |      | \$ (6,031,549)     | \$ (3,194,246)      |
| <b>Items not affecting cash:</b>                           |      |                    |                     |
| Depletion and depreciation                                 |      | 5,724,323          | 4,952,763           |
| Fair value adjustment of contingent consideration          |      | -                  | 48,034              |
| Share-based payments                                       | 12   | 16,148             | 64,961              |
| Unrealized foreign exchange gain                           |      | (1,493,533)        | (962,373)           |
| Finance expense                                            |      | 3,002,912          | 2,499,751           |
| Loss on decommissioning provision                          |      | -                  | 54,228              |
| Decommissioning expenditures                               |      | -                  | (130,217)           |
| Tax (recovery) provision                                   | 17   | (1,719,489)        | 589,334             |
| Funds flow provided (used) by operating activities         |      | (501,188)          | 2,875,609           |
| Change in non-cash working capital                         | 18   | 2,954,759          | (1,711,172)         |
| <b>Net cash provided (used) by operating activities</b>    |      | <b>2,453,571</b>   | <b>1,164,437</b>    |
| <b>Financing activities:</b>                               |      |                    |                     |
| Bank debt proceeds                                         | 7    | 5,786,255          | 11,746,249          |
| Bank debt repayments                                       | 7    | (6,797,771)        | (7,427,133)         |
| Notes payable proceeds                                     | 8    | 7,344,886          | 10,016,590          |
| Bank debt interest payments                                | 7    | (2,152,382)        | (818,044)           |
| Notes payable interest payments                            | 8    | (438,396)          | (882,394)           |
| Restricted cash                                            |      | 93,793             | 34,092              |
| Lease payments                                             | 11   | (428,598)          | (52,492)            |
| <b>Net cash provided by financing activities</b>           |      | <b>3,407,787</b>   | <b>11,959,048</b>   |
| <b>Investing activities:</b>                               |      |                    |                     |
| Property and equipment expenditures                        | 5    | (4,928,762)        | (8,448,725)         |
| Exploration and evaluation expenditures                    |      | (10,523)           | (2,553,818)         |
| Settlement of contingent consideration liability           | 9    | (219,888)          | -                   |
| Collection of contingent consideration receivable          | 9    | 86,022             | -                   |
| Change in non-cash working capital                         | 18   | (589,211)          | 1,360,741           |
| <b>Net cash used in investing activities</b>               |      | <b>(5,662,362)</b> | <b>(14,641,802)</b> |
| Change in cash                                             |      | 198,996            | (1,518,317)         |
| Foreign exchange effect on cash held in foreign currencies |      | (331,817)          | (973,346)           |
| Cash, January 1                                            |      | 536,752            | 3,221,118           |
| <b>Cash, September 30</b>                                  |      | <b>\$ 403,931</b>  | <b>\$ 729,455</b>   |

See accompanying notes to these condensed interim consolidated financial statements.

**CROWN POINT ENERGY INC.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three and nine months ended September 30, 2023**  
(Unaudited)  
(United States dollars)

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**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 – 8<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 1G1.

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

As at September 30, 2023, 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, 2022.

The Company has adopted amendments to the following accounting pronouncements effective January 1, 2023 with no impact on the Company's September 30, 2023 unaudited condensed interim consolidated financial statements:

*Amendments to IAS 1 Presentation of Financial Statements*

Effective January 1, 2023, amendments to IAS 1 require that companies disclose its material accounting policies rather than its significant accounting policies and explain how a company can identify material accounting policies.

*Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

Effective January 1, 2023, amendments to IAS 8 replace the definition of a change in accounting estimate with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

*Amendments to IAS 12 Income Taxes*

Effective January 1, 2023, amendments to IAS 12 relate to deferred tax assets and liabilities arising from a single transaction and clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 10, 2023.

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

For the three and nine months ended September 30, 2023

(Unaudited)

(United States dollars)

**3. 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 three international traders and to one Argentine company; the majority of the Company's natural gas production is sold by the Company to several Argentine companies. See Note 14.

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

|                                          | September 30<br>2023 | December 31<br>2022 |
|------------------------------------------|----------------------|---------------------|
| Due from Argentine companies             | \$ 1,783,725         | \$ 1,139,064        |
| Due from international companies         | 451,374              | 2,378,567           |
| Due from related parties (Note 19 (d))   | 1,085,890            | 80,699              |
| Other receivables                        | 191,650              | 195,845             |
| Allowance for credit losses              | (256,860)            | (257,520)           |
| <b>Total trade and other receivables</b> | <b>\$ 3,255,779</b>  | <b>\$ 3,536,655</b> |

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

|                                          | September 30<br>2023 | December 31<br>2022 |
|------------------------------------------|----------------------|---------------------|
| Not past due (less than 90 days)         | \$ 3,296,292         | \$ 3,476,022        |
| Past due (more than 90 days)             | 216,347              | 318,153             |
|                                          | 3,512,639            | 3,794,175           |
| Allowance for credit losses              | (256,860)            | (257,520)           |
| <b>Total trade and other receivables</b> | <b>\$ 3,255,779</b>  | <b>\$ 3,536,655</b> |

**4. PREPAID EXPENSES AND OTHER CURRENT ASSETS:**

|                  | September 30<br>2023 | December 31<br>2022 |
|------------------|----------------------|---------------------|
| Prepaid expenses | \$ 1,842,748         | \$ 2,541,319        |
| Value Added Tax  | 919,108              | 1,652,865           |
|                  | \$ 2,761,856         | \$ 4,194,184        |



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

For the three and nine months ended September 30, 2023

(Unaudited)

(United States dollars)

**5. PROPERTY AND EQUIPMENT:**

|                                                | Argentina                         |                     |              | Canada       | Total       |
|------------------------------------------------|-----------------------------------|---------------------|--------------|--------------|-------------|
|                                                | Development and Production Assets | Right-of-Use Assets | Other Assets | Other Assets |             |
| <b>Cost:</b>                                   | \$                                | \$                  | \$           | \$           | \$          |
| Balance, December 31, 2022                     | 119,554,443                       | 1,506,125           | 623,924      | 288,243      | 121,972,735 |
| Additions                                      | 4,913,410                         | –                   | 15,352       | –            | 4,928,762   |
| Decommissioning revisions (Note 10)            | (817,779)                         | –                   | –            | –            | (817,779)   |
| Government grants                              | (70,468)                          | –                   | –            | –            | (70,468)    |
| Effect of change in exchange rates             | –                                 | (12,332)            | –            | 507          | (11,825)    |
| Balance, September 30, 2023                    | 123,579,606                       | 1,493,793           | 639,276      | 288,750      | 126,001,425 |
| <b>Accumulated depletion and depreciation:</b> |                                   |                     |              |              |             |
| Balance, December 31, 2022                     | 65,217,470                        | 59,195              | 525,696      | 280,764      | 66,083,125  |
| Depletion and depreciation                     | 5,212,338                         | 386,625             | 33,956       | 1,690        | 5,634,609   |
| Effect of change in exchange rates             | –                                 | (3,575)             | –            | 486          | (3,089)     |
| Balance, September 30, 2023                    | 70,429,808                        | 442,245             | 559,652      | 282,940      | 71,714,645  |
| <b>Impairment:</b>                             |                                   |                     |              |              |             |
| Balance, December 31, 2022                     | 11,926,000                        | –                   | –            | –            | 11,926,000  |
| Additions                                      | –                                 | –                   | –            | –            | –           |
| Balance, September 30, 2023                    | 11,926,000                        | –                   | –            | –            | 11,926,000  |
| <b>Net carrying amount:</b>                    |                                   |                     |              |              |             |
| At December 31, 2022                           | 42,410,973                        | 1,446,930           | 98,228       | 7,479        | 43,963,610  |
| At September 30, 2023                          | 41,223,798                        | 1,051,548           | 79,624       | 5,810        | 42,360,780  |

Government grants:

In July 2021, the Province of Mendoza created the Mendoza Activa Hydrocarbons II Program (“Program II”) to promote and increase the development and reactivation of hydrocarbon activity in the Province. Program II will provide a refund (“government grant”) of up to 40% of amounts invested in Province prior to December 31, 2022, that meet certain technical and economic requirements. Government grants are paid as follows:

- 50% in the form of a turnover tax credit that is freely transferable and may be applied against up to 10% of the holder’s monthly turnover tax balance; and
- 50% in the form of a royalty credit that can be applied against provincial royalties on incremental production obtained from the related investment.

Government grants received under Program II expire on December 31, 2025, and may be extended for up to three years if certain criteria are met.

During the nine months ended September 30, 2023, the Company received ARS 16.6 million (\$0.07 million) of Program II turnover tax and royalty credits of related to investments in the Mendoza Concessions.

Future development costs:

The depletion expense calculation for the nine months ended September 30, 2023, included \$55 million (December 31, 2022 – \$59.9 million) for estimated future development costs associated with proved and probable reserves in Argentina.

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

For the three and nine months ended September 30, 2023

(Unaudited)

(United States dollars)

**6. TRADE AND OTHER PAYABLES:**

|                                             | September 30<br>2023 | December 31<br>2022 |
|---------------------------------------------|----------------------|---------------------|
| Trade payables                              | \$ 3,699,429         | \$ 3,323,826        |
| Accruals                                    | 1,371,411            | 1,888,261           |
| Contingent consideration liability (Note 9) | –                    | 219,888             |
| Other payables                              | 1,242,792            | 675,632             |
| Current trade and other payables            | 6,313,632            | 6,107,607           |
| Accruals                                    | 291,715              | 135,313             |
| Contingent consideration liability (Note 9) | 412,180              | 412,180             |
| Non-current trade and other payables        | 703,895              | 547,493             |
| Total trade and other payables              | \$ 7,017,527         | \$ 6,655,100        |

**7. LOANS**

A continuity of the Company's loans is as follows:

|                                    |              |
|------------------------------------|--------------|
| Balance, December 31, 2022         | \$ 4,123,737 |
| Proceeds                           | 5,786,255    |
| Repayment                          | (6,797,771)  |
| Interest accrued (Note 16)         | 2,024,168    |
| Interest paid                      | (2,152,382)  |
| Effect of change in exchange rates | (1,834,425)  |
| Balance, September 30, 2023        | \$ 1,149,582 |

(a) Banco Hipotecario S.A.

The Company has an overdraft loan agreement available until April 30, 2024 of up to ARS 800 million (\$2.3 million) with Banco Hipotecario S.A. at variable interest rate which is determined monthly. The overdraft loan is guaranteed by Grupo ST S.A. or ST Inversiones S.A. under an agreement with Banco Hipotecario S.A. pursuant to which the Company is charged a loan guarantee fee of 1% of the loan balance per annum (Note 19(b) and (c)).

As at September 30, 2023, ARS 59.6 million (\$0.2 million) (December 31, 2022 – ARS 594 million (\$3.4 million)) was drawn on the overdraft loan at an annual interest rate of 118%.

During the nine months ended September 30, 2023, the Company recognized \$1,412,858 (nine months ended September 30, 2022 – \$503,979) of interest on the Banco Hipotecario S.A. overdraft loan, of which \$1,534,406 was paid and \$1,553 is included in the loan balance as at September 30, 2023 (December 31, 2022 – \$123,101).

(b) Banco de la Nación S.A. ("BNA")

As at September 30, 2023, the Company had a credit limit of ARS 110 million (\$0.3 million) available which can be drawn and repaid in various amounts. The terms for each amount drawn as at September 30, 2023 are as follows:

(i) BNA Working Capital Loan I

The BNA Working Capital Loan I was repayable in five equal installments commencing on September 5, 2022 until the maturity date of June 2, 2023 and bore interest at a variable rate, calculated and payable quarterly. The interest rate was calculated based on the BADLAR<sup>(1)</sup> plus 6% per annum. During the nine months ended September 30, 2023, the Company repaid the final two installments of the loan in the amount of ARS 55 million (\$0.2 million). As at September 30, 2023, the amount drawn on the BNA Working Capital Loan I was \$nil (December 31, 2022 – ARS 55 million (\$0.3 million)).

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

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(Unaudited)

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(ii) BNA Working Capital Loan II

The BNA Working Capital Loan II is repayable in four equal installments commencing on January 16, 2023 until the maturity date of December 13, 2023 and bearing interest at a variable rate calculated and payable quarterly. The interest rate is calculated based on the BADLAR<sup>(1)</sup> plus 10% per annum. During the nine months ended September 30, 2023, the Company repaid three installments of the loan in the amount of ARS 41.3 million (\$0.2 million). As at September 30, 2023, the outstanding amount on the BNA Working Capital Loan II was ARS 13.8 million (\$0.04 million) (December 31, 2022 – ARS 55 million (\$0.3 million)).

(iii) BNA Working Capital Loan III

On March 16, 2023, the Company obtained an ARS 27.5 million (\$0.13 million) BNA Working Capital Loan III repayable in four equal installments commencing on June 13, 2023 until the maturity date of March 11, 2024 and bearing interest at a variable rate based on the BADLAR<sup>(1)</sup> plus 10%. During the nine months ended September 30, 2023, the Company repaid two installments of the loan in the amount of ARS 13.8 million (\$0.05 million). As at September 30, 2023, the outstanding amount on the BNA Working Capital Loan III was ARS 13.8 million (\$0.04 million) .

(iv) BNA Working Capital Loan IV

On March 28, 2023, the Company obtained an ARS 13.75 million (\$0.07 million) BNA Working Capital Loan IV repayable in four equal installments commencing on June 23, 2023 until the maturity date of March 19, 2024 and bearing interest at a variable rate calculated and payable quarterly based on the BADLAR<sup>(1)</sup> plus 10% per annum. During the nine months ended September 30, 2023, the Company repaid two installments of the loan in the amount of ARS 6.9 million (\$0.02 million). As at September 30, 2023, the outstanding amount on the BNA Working Capital Loan IV was ARS 6.9 million (\$0.02 million).

(v) BNA Working Capital Loan V

On June 27, 2023, the Company obtained an ARS 51.5 million (\$0.2 million) BNA Working Capital Loan V repayable in four equal installments commencing on September 27, 2023 until the maturity date of June 24, 2024 and bearing interest at a variable rate calculated and payable quarterly based on the BADLAR<sup>(1)</sup> plus 10% per annum. During the nine months ended September 30, 2023, the Company repaid one installment of the loan in the amount of ARS 12.9 million (\$0.04 million). As at September 30, 2023, the outstanding amount on the BNA Working Capital Loan V was ARS 38.5 million (\$0.1 million).

As at September 30, 2023, a total of ARS 73 million (\$0.2 million) (December 31, 2022 – ARS 110 million (\$0.6 million)) was drawn on the BNA working capital loans.

During the nine months ended September 30, 2023, the Company recognized \$254,374 (nine months ended September 30, 2022 – \$116,456) of interest on the BNA loans, of which \$273,840 of interest was paid and \$6,463 is included in the loan balance as at September 30, 2023 (December 31, 2022 – \$25,929).

<sup>(1)</sup> As at September 30, 2023, the BADLAR rate was 114.75% (December 31, 2022 – 69.375%).

(c) Banco Galicia S.A.

On February 6, 2023, the Company obtained a working capital loan of ARS 50 million (\$0.3 million) with Banco Galicia S.A., which accrued an annual interest rate of 70% payable monthly and was repaid on May 8, 2023.

On June 13, 2023, the Company obtained a working capital loan of ARS 50 million (\$0.2 million) with Banco Galicia S.A., which accrued an annual interest rate of 104% payable monthly and was repaid on July 18, 2023.

In February 2023, the Company obtained an overdraft loan for an amount of ARS 50 million (\$0.3 million) with Banco Galicia S.A.. In July 2023, the overdraft loan agreement limit was increased up to ARS 80 million (\$0.2 million). The overdraft loan amount is available for a year and can be renewed monthly agreeing to new terms and conditions. As at September 30, 2023, ARS 78.9 million (\$0.2 million) was drawn on the overdraft loan at an annual interest rate of 132% until the maturity date of October 17, 2023. The overdraft loan was renewed until November 17, 2023 (Note 22 (d)).

During the nine months ended September 30, 2023, the Company recognized \$141,374 (nine months ended September 30, 2022 – \$61,767) of interest on Banco Galicia S.A. loans, of which \$131,274 was paid and \$10,100 is included in the loan balance as at September 30, 2023 (December 31, 2022 – \$nil).

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(d) Banco CMF S.A.

In February 2023, the Company obtained an overdraft loan for an amount of up to ARS 60 million (\$0.3 million) with Banco CMF S.A.. In August 2023, the overdraft loan agreement limit was increased up to ARS 80 million (\$0.2 million). The overdraft loan can be renewed monthly on new terms and conditions. As at September 30, 2023, ARS 80.4 million (\$0.2 million) was drawn on the overdraft loan at an annual interest rate of 125% until the maturity date of October 17, 2023. The overdraft loan was renewed until November 17, 2023 (Note 22 (d)).

During the nine months ended September 30, 2023, the Company recognized \$71,000 (nine months ended September 30, 2022 – \$70,918) of interest on Banco CMF S.A. loan, all of which was paid and \$nil is included in the loan balance as at September 30, 2023 (December 31, 2022 – \$nil).

(e) Banco Supervielle S.A.

On March 14, 2023, the Company obtained a working capital loan for an amount of ARS 60 million (\$0.3 million) with Banco Supervielle S.A., which accrued an annual interest rate of 88% payable monthly. The working capital loan was repaid on June 9, 2023.

On June 28, 2023, the Company obtained a working capital loan for an amount of ARS 60 million (\$0.2 million) with Banco Supervielle S.A., which accrued an annual interest rate of 113.5% payable monthly and was repaid on August 28, 2023.

During the nine months ended September 30, 2023, the Company recognized \$93,349 (nine months ended September 30, 2022 – \$64,599) of interest on the Banco Supervielle S.A. loans, of which \$93,349 was paid and \$nil is included in the loan balance as at September 30, 2023 (December 31, 2022 – \$nil).

(f) Banco Macro S.A.

On April 14, 2023, the Company obtained an overdraft loan for an amount of ARS 100 million (\$0.6 million) with Banco Macro S.A., which accrued interest at annual rate of 86% with a 7-day maturity and was paid on April 20, 2023.

On April 27, 2023, the Company obtained a working capital loan of \$2 million, which accrued interest at an annual rate of 8% payable monthly with a maturity date of July 26, 2023. The working capital loan was repaid on July 31, 2023.

The loans are guaranteed by Grupo ST S.A. or ST Inversiones S.A. under an agreement with Banco Macro S.A. pursuant to which the Company is charged a loan guarantee fee of 1% of the loan balances (Note 19(b) and (c)).

During the nine months ended September 30, 2023, the Company recognized \$48,513 (nine months ended September 30, 2022 – \$436,892) of interest on the Banco Macro S.A. loans, of which \$48,513 was paid and \$nil is included in the loan balance as at September 30, 2023 (December 31, 2022 – \$nil).

(g) Related party loan

On July 11, 2023, the Company obtained a loan for an amount of \$300,000 from Mr. Pablo Peralta, which accrues interest at an annual rate of 4% with a maturity date of 180 days (Note 19(e)). During the nine months ended September 30, 2023, the Company recognized \$2,700 of interest on the loan, of which \$nil was paid and \$2,700 is included in the loan balance as at September 30, 2023.

**8. NOTES PAYABLE:**

As at September 30, 2023, the Company had \$22.1 million principal amount of Series III notes ("**Series III Notes**") and Series IV notes ("**Series IV Notes**") issued by Crown Point Energía S.A. outstanding (December 31, 2022 - and \$14.7 million principal amount of Series III Notes).

Series III Notes are secured fixed-rate notes denominated in USD and payable in ARS, due 36 months after the issue date. The principal amount of Series III Notes is repayable in seven quarterly equal installments, starting on February 10, 2024 and ending on August 10, 2025. Series III Notes accrue interest at a fixed rate of 4% per annum, payable every three months in arrears from the issue date.

On July 20, 2023, Crown Point Energía S.A. issued a total of \$7,476,000 principal amount of Series IV unsecured fixed-rate notes for cash consideration, which are denominated in USD and payable in ARS. The principal amount of the

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Series IV Notes is repayable in four quarterly equal installments, starting on October 20, 2024 and ending on July 20, 2025. The Series IV Notes accrue interest at a fixed rate of 5% per annum, payable every three months in arrears from the issue date.

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

|                                             |    |             |
|---------------------------------------------|----|-------------|
| Balance, December 31, 2022                  | \$ | 14,542,382  |
| Notes payable Series IV                     |    | 7,476,000   |
| Transaction cost additions                  |    | (131,114)   |
| Amortization of transaction costs (Note 16) |    | 72,043      |
| Interest accrued (Note 16)                  |    | 513,156     |
| Interest paid                               |    | (438,396)   |
| Balance, September 30, 2023                 |    | 22,034,071  |
| Current portion of notes payable            |    | (6,301,732) |
| Long-term notes payable                     | \$ | 15,732,339  |

Restricted cash

As at September 30, 2023, \$158,407 (ARS 55.3 million) (December 31, 2022 – \$252,200 (ARS 44.7 million)) was reported as restricted cash. The restricted cash is assigned as collateral for the Series III 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 S.A.. 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 Series III Notes payable.

**9. CONTINGENT CONSIDERATION (LIABILITY) RECEIVABLE:**

|                              | Liability (a) | Receivable (b) | Net          |
|------------------------------|---------------|----------------|--------------|
| Balance, December 31, 2022   | \$ (632,068)  | \$ 86,022      | \$ (546,046) |
| Cash settlement (collection) | 219,888       | (86,022)       | 133,866      |
| Balance, September 30, 2023  | (412,180)     | –              | (412,180)    |
| Current portion              | –             | –              | –            |
| Non-current portion          | \$ (412,180)  | \$ –           | \$ (412,180) |

(a) Contingent consideration liability

*2018 acquisition*

Pursuant to the 2018 acquisition of St. Patrick Oil & Gas S.A. ("St. Patrick"), the Company will make 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 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 St. Patrick do not exceed the base net revenue threshold for that quarter, then no royalty payment will be payable.

The estimated fair value of the contingent consideration liability related to future results as at September 30, 2023 and December 31, 2022 was \$nil and the estimated contingent consideration liability related to actual results for the nine months ended September 30, 2023 was determined to be \$nil (2022 actual results – \$406,963), resulting in no fair value adjustment.

During the nine months ended September 30, 2023, the Company paid \$219,888 of the outstanding contingent consideration liability which was included in trade and other payables as at December 31, 2022 (Note 6).

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*2022 acquisition*

Pursuant to the 2022 acquisition of a 50% working interest in the Puesto Pozo Cercado Oriental hydrocarbon exploitation concession (the "PPCO Concession") for a cash payment of \$5 million and up to an additional \$7.53 million (the "Contingent Consideration") in quarterly installments based on a percentage of the net operating income (oil and gas revenue less royalties, turnover and other taxes and operating expenses) derived from the Company's 50% working interest in the PPCO Concession, provided that the Contingent Consideration is not payable until the Company has recovered its initial \$5 million investment from its share of the net operating income derived from the PPCO Concession.

As at September 30, 2023, the Company re-measured the fair value of the contingent consideration liability at \$412,180 (December 31, 2022 – \$412,180) resulting in a fair value adjustment of \$nil. As at September 30, 2023, the \$412,180 (December 31, 2022 – \$412,180) non-current contingent consideration liability is included in non-current trade and other payables (Note 6).

Contingent consideration receivable

As part of the consideration for the disposition of a participating interest in the TDF Concessions pursuant to the April 26, 2019 ROFR Sale, the UTE Partners will make future payments to the Company equal to their proportionate share of contingent royalty payments that accrue following the closing of the ROFR Sale.

The estimated fair value of the contingent consideration receivable related to future results as at September 30, 2023 and December 31, 2022 was \$nil and the estimated contingent consideration receivable related to actual results for the nine months ended September 30, 2023 was determined to be \$nil (2022 actual results – \$86,022), resulting in no fair value adjustment.

During the nine months ended September 30, 2023, the Company collected the \$86,022 outstanding contingent consideration receivable which was included in trade and other receivables as at December 31, 2022.

**10. DECOMMISSIONING PROVISION:**

As at September 30, 2023, the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately \$17.4 million to be incurred in the next 1 to 23 years (December 31, 2022 – \$17.9 million). A risk-free interest rate of 4.04% to 4.27% (December 31, 2022 – 3.57% to 3.76%) and an inflation rate of 2.9% (December 31, 2022 – 2.9%) was used to calculate the fair value of the decommissioning provision.

A reconciliation of the decommissioning provision is provided below:

|                                                         |    |            |
|---------------------------------------------------------|----|------------|
| Balance, December 31, 2022                              | \$ | 11,313,332 |
| Revisions to development and production assets (Note 5) |    | (817,779)  |
| Revisions to exploration and evaluation assets          |    | (10,707)   |
| Accretion (Note 16)                                     |    | 318,166    |
| Balance, September 30, 2023                             |    | 10,803,012 |
| Current portion of decommissioning provision            |    | (367,797)  |
| Long-term portion of decommissioning provision          | \$ | 10,435,215 |

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**11. 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, 2022           | \$ | 1,455,890 |
| Interest (Note 16)                   |    | 70,492    |
| Payments                             |    | (428,598) |
| Effect of change in exchange rates   |    | (10,612)  |
| Balance, September 30, 2023          |    | 1,087,172 |
| Current portion of lease liabilities |    | (508,883) |
| Long-term lease liabilities          | \$ | 578,289   |

Total expected payments under lease agreements for office and equipment are \$47,535 per month (\$570,424 per year) until December 31, 2026.

**12. SHARE-BASED PAYMENTS:**

As at September 30, 2023 and December 31, 2022, the Company had 4,350,000 stock options outstanding. Information about stock options outstanding as at September 30, 2023 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                               | 0.8                                     | 2,175,000                     |
| May 31, 2026  | 2,175,000                     | \$ 0.20                               | 2.9                                     | 2,175,000                     |
|               | 4,350,000                     | \$ 0.48                               | 1.8                                     | 4,350,000                     |

During the three and nine months ended September 30, 2023, the Company recognized \$nil and \$16,148 (three and nine months ended September 30, 2022 – \$10,165 and \$64,961) of share-based payment expense. As at September 30, 2023, the balance of unvested share-based payments was \$nil.

**13. PER SHARE AMOUNTS:**

|                                                   | Three months ended<br>September 30 |              | Nine months ended<br>September 30 |                |
|---------------------------------------------------|------------------------------------|--------------|-----------------------------------|----------------|
|                                                   | 2023                               | 2022         | 2023                              | 2022           |
| Net loss for the period                           | \$ 2,027,637                       | \$ (884,657) | \$ 6,031,549                      | \$ (3,194,246) |
| 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 loss per share – basic                        | \$ (0.03)                          | \$ (0.01)    | \$ (0.08)                         | \$ (0.04)      |

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

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**14. OIL AND NATURAL GAS SALES:**

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

|                     | Three months ended<br>September 30 |               | Nine months ended<br>September 30 |               |
|---------------------|------------------------------------|---------------|-----------------------------------|---------------|
|                     | 2023                               | 2022          | 2023                              | 2022          |
| Oil                 | \$ 5,410,358                       | \$ 8,858,920  | \$ 16,217,489                     | \$ 20,018,169 |
| Natural gas liquids | 42,484                             | 53,362        | 175,375                           | 110,904       |
| Natural gas         | 1,948,150                          | 1,839,502     | 4,842,468                         | 4,324,805     |
|                     | \$ 7,400,992                       | \$ 10,751,784 | \$ 21,235,332                     | \$ 24,453,878 |

Of the Company's revenue from oil sales earned in the three and nine months ended September 30, 2023, 37% and 35%, respectively, was for export sales to three and two purchasers, respectively, and 63% and 65% was for domestic sales to two purchasers, respectively, (three and nine months ended September 30, 2022 – 57% and 53%, respectively, was for export sales to four purchasers and 43% and 47%, respectively, was for domestic sales to five purchasers).

Two major purchasers that represent 93% of oil revenue reported in the nine months ended September 30, 2023, comprise \$1,735,468 of accounts receivable at September 30, 2023 (December 31, 2022 – three major purchasers, 93% of oil revenue, \$2,378,567 of accounts receivable).

All of the Company's revenue from natural gas sales earned in the three and nine months ended September 30, 2023, was for domestic sales, of which 85% and 74%, respectively, was to two major purchasers (three and nine months ended September 30, 2022 – domestic sales of which 54% was to three major purchasers), of which \$1,086,379 was in accounts receivable at September 30, 2023 (December 31, 2022 – \$615,979).

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

|          | Three months ended<br>September 30 |               | Nine months ended<br>September 30 |               |
|----------|------------------------------------|---------------|-----------------------------------|---------------|
|          | 2023                               | 2022          | 2023                              | 2022          |
| Export   | \$ 1,986,858                       | \$ 5,087,520  | \$ 5,681,438                      | \$ 10,605,328 |
| Domestic | 5,414,134                          | 5,664,264     | 15,553,894                        | 13,848,550    |
|          | \$ 7,400,992                       | \$ 10,751,784 | \$ 21,235,332                     | \$ 24,453,878 |

**15. GENERAL AND ADMINISTRATIVE:**

|                       | Three months ended<br>September 30 |            | Nine months ended<br>September 30 |              |
|-----------------------|------------------------------------|------------|-----------------------------------|--------------|
|                       | 2023                               | 2022       | 2023                              | 2022         |
| Salaries and benefits | \$ 375,178                         | \$ 417,502 | \$ 1,178,907                      | \$ 1,490,231 |
| Professional fees     | 158,743                            | 161,663    | 493,135                           | 572,380      |
| Office and general    | 57,145                             | 33,363     | 328,285                           | 138,175      |
| Travel and promotion  | 14,178                             | 146,360    | 47,912                            | 369,693      |
|                       | \$ 605,244                         | \$ 758,888 | \$ 2,048,239                      | \$ 2,570,479 |



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**16. NET FINANCE EXPENSE:**

|                                                                  | Three months ended<br>September 30 |                | Nine months ended<br>September 30 |                |
|------------------------------------------------------------------|------------------------------------|----------------|-----------------------------------|----------------|
|                                                                  | 2023                               | 2022           | 2023                              | 2022           |
| Interest income                                                  | \$ 327,021                         | \$ 112,800     | \$ 461,959                        | \$ 231,751     |
| Gain on revision of right-of-use assets<br>and lease liabilities | –                                  | 4,153          | –                                 | 4,153          |
| Finance income                                                   | 327,021                            | 116,953        | 461,959                           | 235,904        |
| Financing fees and bank charges                                  | (201,864)                          | (309,778)      | (494,457)                         | (684,695)      |
| Interest on loans (Note 7)                                       | (341,894)                          | (695,115)      | (2,024,168)                       | (1,263,294)    |
| Interest on notes payable (Note 8)                               | (222,498)                          | (190,731)      | (513,156)                         | (720,047)      |
| Amortization of notes payable<br>transaction costs (Note 8)      | (34,207)                           | (94,323)       | (72,043)                          | (117,658)      |
| Cost of exchange Series I Notes and<br>Series II Notes           | –                                  | (250,409)      | –                                 | (250,409)      |
| Accretion of decommissioning<br>provision (Note 10)              | (111,787)                          | (50,179)       | (318,166)                         | (136,902)      |
| Interest on lease liabilities (Note 11)                          | (21,276)                           | (4,720)        | (70,492)                          | (15,594)       |
| Accretion of other liabilities                                   | (333)                              | –              | (4,887)                           | –              |
| Finance expense                                                  | (933,859)                          | (1,595,255)    | (3,497,369)                       | (3,188,599)    |
| Net finance expense                                              | \$ (606,838)                       | \$ (1,478,302) | \$ (3,035,410)                    | \$ (2,952,695) |

**17. TAXES:**

As at September 30, 2023, the Company's deferred tax liability was \$2,435,578 (December 31, 2022 – \$4,155,067).

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

|                                   | Three months ended<br>September 30 |              | Nine months ended<br>September 30 |              |
|-----------------------------------|------------------------------------|--------------|-----------------------------------|--------------|
|                                   | 2023                               | 2022         | 2023                              | 2022         |
| Current tax                       | \$ –                               | \$ –         | \$ –                              | \$ –         |
| Deferred tax recovery (provision) | 57,339                             | (415,151)    | 1,719,489                         | (589,334)    |
| Tax recovery (provision)          | \$ 57,339                          | \$ (415,151) | \$ 1,719,489                      | \$ (589,334) |

Crown Point Energía S.A. has sufficient non-capital loss and other tax pools available to reduce taxable income in Argentina to \$nil. The deferred tax recovery reported in the nine months ended September 30, 2023 is mainly related to the increase in tax losses combined with changes in the Company's ARS denominated tax pools partially offset by the effect of the devaluation of the ARS during the period on the translation of ARS denominated tax pools to USD. The deferred tax expense reported in the nine months ended September 30, 2022 is mainly related to changes in the Company's ARS denominated tax pools combined with the effect of the devaluation of the ARS during the period on the translation of ARS denominated tax pools to USD.

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**18. SUPPLEMENTAL CASH FLOW INFORMATION:**

(a) Change in non-cash working capital items

| For the nine months ended September 30    | 2023                | 2022                |
|-------------------------------------------|---------------------|---------------------|
| Trade and other receivables               | \$ 414,742          | \$ 112,984          |
| Inventory                                 | 124,686             | (1,476,104)         |
| Prepaid expenses and other current assets | 1,502,796           | 24,809              |
| Trade and other payables                  | 357,340             | 1,066,491           |
| Taxes payable                             | (34,236)            | (78,278)            |
| Effect of change in exchange rates        | 20                  | (333)               |
|                                           | <b>\$ 2,365,548</b> | <b>\$ (350,431)</b> |
| Attributable to:                          |                     |                     |
| Operating activities                      | \$ 2,954,759        | \$ (1,711,172)      |
| Investing activities                      | (589,211)           | 1,360,741           |
|                                           | <b>\$ 2,365,548</b> | <b>\$ (350,431)</b> |

- (b) As at September 30, 2023, the Company held \$403,931 (December 31, 2022 – \$536,752) of cash in Canadian, United States and Argentine banks.
- (c) During the nine months ended September 30, 2023, the Company paid \$2,590,778 (nine months ended September 30, 2022 – \$1,700,438) of interest expense on loans and notes payable (Notes 7 and 8).
- (d) During the nine months ended September 30, 2023, the Company paid \$22,748 (ARS 5.5 million) (nine months ended September 30, 2022 – \$45,300 (ARS 5,466,417)) to Argentine tax authorities related to corporate income tax.

**19. RELATED PARTY TRANSACTIONS:**

(a) Liminar Energía S.A.

Mr. Pablo Peralta is a director of the Company and is the President and a director of Liminar and controls 45% of the voting shares of Liminar. Mr. Roberto Dominguez is the President of Crown Point Energía S.A. and is a director of Liminar and controls 45% of the voting shares of Liminar. Liminar owns approximately 59.5% of the Company's outstanding common shares.

(b) Grupo ST S.A.

Mr. Pablo Peralta and Mr. Roberto Dominguez are also the President and Vice President, respectively, of Grupo ST S.A. and jointly control, directly and indirectly, 96.65% of the voting shares of Grupo ST S.A.

Grupo ST S.A. has provided a guarantee of the Banco Hipotecario S.A. and Banco Macro S.A. loans (Note 7(a) and (f), respectively) 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 nine months ended September 30, 2023, Grupo ST S.A. charged the Company \$3,021 and \$27,671 (three and nine months ended September 30, 2022 – \$nil), respectively, of loan guarantee fees. Included in trade and other payables as at September 30, 2023 is \$3,021 (December 31, 2022 – \$nil) payable to Grupo ST S.A.

(c) ST Inversiones S.A.

Mr. Pablo Peralta is also a director of ST Inversiones S.A. and controls 50% the voting shares of ST Inversiones S.A..

ST Inversiones S.A. has provided a guarantee of the Banco Hipotecario S.A. and Banco Macro S.A. loans (Note 7(a) and (f), respectively) 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 nine months ended September 30, 2023, the Company was charged \$5,245 (three months ended September 30, 2022 – \$26,224 and \$52,396) in loan

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guarantee fees. Included in trade and other payables as at September 30, 2023 is \$nil (December 31, 2022 – \$nil) payable to ST Inversiones S.A..

(d) Energía y Soluciones S.A.

Gabriel Obrador is the President, Chief Executive Officer and a director of the Company and also controls Energía y Soluciones S.A.

During the three and nine months ended September 30, 2023, the Company sold a portion of natural gas production from the TDF Concession to Energía y Soluciones S.A. for which the Company recognized \$1,574,413 (ARS 519 million) and \$2,834,861 (ARS 819.8 million) (three and nine months ended September 30, 2022 – \$737,748 (ARS 97.6 million)), respectively, of oil and gas revenue. Included in trade and other receivables as at September 30, 2023 is \$1,086,290 (ARS 379 million) (December 31, 2022 – \$80,699 (ARS 14.3 million)) in respect of this revenue.

Energía y Soluciones S.A. owns a 1.46% overriding royalty on revenue earned from the CLL Permit. As of September 30, 2023, no revenue has been earned from the CLL Permit.

(e) Pablo Peralta

Mr. Pablo Peralta is a director of the Company and is the President and a director of Liminar and controls 45% of the voting shares of Liminar. Included in the September 30, 2023 loan balance is \$302,700 due to Mr. Pablo Peralta comprised of a \$300,000 loan plus \$2,700 of accrued interest (Note 7(g)).

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

**20. FINANCIAL RISK MANAGEMENT**

(a) 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.

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

| As at September 30, 2023    | Balance denominated in |                    | Total USD equivalents |
|-----------------------------|------------------------|--------------------|-----------------------|
|                             | CAD                    | ARS                |                       |
| Cash                        | \$ 3,686               | \$ 120,903,345     | \$ 349,207            |
| Restricted cash             | \$ –                   | \$ 55,276,123      | \$ 158,407            |
| Trade and other receivables | \$ 4,802               | \$ 97,130,676      | \$ 281,903            |
| Trade and other payables    | \$ (629,651)           | \$ (1,208,950,248) | \$ (3,920,326)        |
| Loans                       | \$ –                   | \$ (296,365,981)   | \$ (846,881)          |
| Current taxes payable       | \$ –                   | \$ (1,214,759)     | \$ (3,470)            |
| Lease liabilities           | \$ –                   | \$ (3,435,689)     | \$ (9,818)            |

| As at December 31, 2022     | Balance denominated in |                  | Total USD equivalents |
|-----------------------------|------------------------|------------------|-----------------------|
|                             | CAD                    | ARS              |                       |
| Cash                        | \$ 6,586               | \$ 59,644,213    | \$ 341,911            |
| Restricted cash             | \$ –                   | \$ 44,679,752    | \$ 252,200            |
| Trade and other receivables | \$ 15,043              | \$ 96,788,012    | \$ 558,055            |
| Trade and other payables    | \$ (462,153)           | \$ (740,912,799) | \$ (4,523,375)        |
| Loans                       | \$ –                   | \$ (730,561,249) | \$ (4,123,737)        |
| Current taxes payable       | \$ –                   | \$ (6,681,176)   | \$ (37,707)           |
| Lease liabilities           | \$ –                   | \$ (4,136,615)   | \$ (23,350)           |

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(Unaudited)

(United States dollars)

(ii) Currency devaluation:

| Exchange rates as at      | September 30<br>2023 | December 31<br>2022 |
|---------------------------|----------------------|---------------------|
| CAD to USD <sup>(1)</sup> | 0.7396               | 0.7383              |
| ARS to USD <sup>(1)</sup> | 0.0029               | 0.0056              |
| USD to ARS <sup>(2)</sup> | 349.45               | 177.06              |

<sup>(1)</sup> Source Bank of Canada <sup>(2)</sup> 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 Mendoza Concessions and CLL operating costs and general and administrative expenses incurred in Argentina are denominated in ARS. During the nine months ended September 30, 2023, the devaluation of ARS resulted in lower operating costs and general and administrative expenses incurred in Argentina by approximately 26% (nine months ended September 30, 2022 – devaluation of ARS; lower by approximately 18%), offset by cost increases related to inflation.

During the nine months ended September 30, 2023, 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 loans and notes payable, by approximately \$2.1 million (nine months ended September 30, 2022 – devaluation of ARS; reduction by approximately \$0.3 million).

The effect of currency devaluation on ARS denominated loans during the nine months ended September 30, 2023 was a \$1,834,425 reduction of the USD equivalent amount of loans (nine months ended September 30, 2022 – \$1,877,362 reduction in the USD equivalent amount of loans and notes payable) (Notes 7 and 8).

(iii) Sensitivity analysis:

The following table presents an estimate of the impact on net loss for the market risk factors discussed above and is calculated based on the noted change in exchange rates applied to balances as at September 30, 2023:

|                                                  | Change in<br>exchange rates | Impact on<br>net income |
|--------------------------------------------------|-----------------------------|-------------------------|
| Foreign exchange - effect of strengthening USD:  |                             |                         |
| CAD denominated financial assets and liabilities | 5%                          | \$ 22,970               |
| ARS denominated financial assets and liabilities | 10%                         | \$ 353,890              |

(b) Liquidity Risk:

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as reasonable, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses.

As at September 30, 2023, the Company has a working capital deficit of \$6,853,340 which includes \$3,659,710 of financial assets comprised of cash and trade and other receivables and \$14,277,300 of financial liabilities comprised of trade and other payables, loans, current portion of notes payable and current portion of lease liabilities with a contractual maturity of less than one year. During the nine-month ended September 30, 2023, the Company reported net cash provided by operating activities in the amount of \$2,453,571.

The Company prepares operating and capital expenditure budgets which are regularly monitored and updated as considered necessary. In addition, the Company utilizes authorizations for expenditures to manage capital expenditures.

The following table summarizes the maturities of the Company's financial liabilities based on contractual cash flows:

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(United States dollars)

|                          | Carrying amount<br>\$ | Contractual amount<br>\$ | Due on or before September 30 |            |            |                 |
|--------------------------|-----------------------|--------------------------|-------------------------------|------------|------------|-----------------|
|                          |                       |                          | 2024<br>\$                    | 2025<br>\$ | 2026<br>\$ | 2027-2028<br>\$ |
| Trade and other payables | 7,017,527             | 7,017,527                | 6,313,632                     | –          | –          | 703,895         |
| Loans                    | 1,149,582             | 1,149,582                | 1,149,582                     | –          | –          | –               |
| Notes payable            | 22,034,071            | 22,129,370               | 6,281,900                     | 15,847,470 | –          | –               |
| Lease liabilities        | 1,087,172             | 1,194,495                | 571,494                       | 325,568    | 237,946    | 59,487          |
|                          | 31,288,352            | 31,490,974               | 14,316,608                    | 16,173,038 | 237,946    | 763,382         |

**21. COMMITMENTS:**

(a) TDF Concessions

As at September 30, 2023, 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) Mendoza Concessions

As at September 30, 2023, the Company's share of expenditure commitments with respect to the CH Concession is \$33.3 million, consisting of a work program for well work-overs, infrastructure optimization and a multi-well drilling program to be fulfilled by March 2031.

As at September 30, 2023, the Company's share of expenditure commitments with respect to the PPCO Concession is \$12.2 million, consisting of a work program for well work-overs, infrastructure optimization and a multi-well drilling program to be fulfilled by August 2028.

(c) CLL permit

As at September 30, 2023, the Company is in conversations with the Province of Mendoza for the extension of the CLL Permit or other alternatives for the CLL Permit, including the potential compensation of the Company's only outstanding commitment, consisting of a well repair, with working units performed by the Company in excess during the exploration period of the CLL Permit.

**22. SUBSEQUENT EVENTS:**

(a) On October 3, 2023, the Company obtained an ARS 87 million (\$0.27 million) BNA Working Capital Loan VI with Banco Nación S.A. that is repayable in four equal installments commencing on January 2, 2024 until the maturity date of September 30, 2024, and bearing interest at a variable rate based on the BADLAR plus 10% per annum, calculated and payable quarterly.

(b) On October 3, 2023, the Company obtained a working capital loan of ARS 50 million (\$0.2 million) with Banco Galicia S.A. at an annual interest rate of 115% payable monthly. The working capital loan is repayable on June 4, 2024.

(c) On October 4, 2023, the Company obtained a \$0.6 million export financing loan with Banco Macro S.A. at an annual interest rate of 7% with a maturity date of 45 days.

(d) On October 17, 2023, the Company obtained a \$0.7 million export financing loan with Banco Macro S.A. at an annual interest rate of 7% with a maturity date of 45 days and renewed for 30 days the overdraft loans agreements with Banco Galicia S.A. and Banco CMF S.A. (Note 7 (c) and (d)).