

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the consolidated financial results of Crown Point Energy Inc. ("Crown Point" or the "Company") is at and for the three and nine months ended September 30, 2023.

This MD&A is dated as of and was approved by the Company's Board of Directors on November 10, 2023 and should be read in conjunction with the Company's unaudited September 30, 2023 condensed interim consolidated financial statements (the "Q3 Financial Statements") and the audited December 31, 2022 consolidated financial statements. The Q3 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Q3 Financial Statements include the accounts of the Company and its wholly owned subsidiaries, CanAmericas (Argentina) Energy Ltd. and Crown Point Energía S.A.

The functional currency of the Company's two subsidiaries is the United States dollar ("USD"); the functional currency of the Company is the Canadian dollar ("CAD"). The Company's presentation currency is the USD. In this MD&A, unless otherwise noted, all dollar amounts are expressed in USD. References to "ARS" are to Argentina Pesos.

Throughout this MD&A and in other materials disclosed by the Company, we adhere to 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. This MD&A also contains oil and natural gas information, abbreviations and forward-looking information relating to future events and the Company's future performance. Please refer to "Non-IFRS and Other Financial Measures", "Abbreviations and BOE Presentation" and "Advisories" sections at the end of this MD&A for further information.

Additional information relating to Crown Point, including Crown Point's Q3 Financial Statements, audited December 31, 2022 consolidated financial statements and other filings are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

In the following discussion, the three and the nine months ended September 30, 2023 may be referred to as "**Q3 2023**" and "**the September 2023 period**", respectively, and as "**the 2023 periods**" collectively. The comparative three and nine months ended September 30, 2022 may be referred to as "**Q3 2022**" and "**the September 2022 period**", respectively, and as "**the 2022 periods**", collectively. The previous three-month period ended June 30, 2023 may be referred to as "**Q2 2023**".

## CORPORATE OVERVIEW AND STRATEGY

Crown Point (TSX-V:CWV) is a Calgary-based junior international oil and gas company with producing assets and an opportunity base in three producing basins in Argentina: the Austral basin in the Province of Tierra del Fuego ("TDF") and the Neuquén and Cuyo (or Cuyana) basins, in the Province of Mendoza.

The Company's strategy is designed to deliver low-risk growth and capitalize on large potential exploration upside. Specifically, Crown Point is focused on increasing its production base in TDF and Mendoza through exploration and development drilling supplemented by recompletion and fracture stimulation of select older producing wells. The Company's production is derived from its participating interest in the Rio Cullen, Las Violetas and La Angostura exploitation concessions in TDF (the "**TDF Concessions**"), the Chañares Herrados concession in Mendoza (the "**CH Concession**" or "**CH**") and the Puesto Pozo Cercado Oriental concession in Mendoza (the "**PPCO Concession**" or "**PPCO**"). CH and PPCO may be referred to collectively as the Mendoza Concessions.

Crown Point is also conducting an exploration program in its 100% interest in the Cerro de Los Leones ("**CLL**") exploration concession permit (the "**CLL Permit**") in the Province of Mendoza.

## OPERATIONAL UPDATE

### TDF Concessions

The Company, along with its joint venture partners, is reviewing the schedule to complete the remaining 15% of the oil pipeline from the Cruz del Sur oil storage facility to the Rio Cullen marine terminal operated by Total Austral. In the meantime, Crown Point and its joint venture partners are exporting oil by truck to the ENAP refinery at San Gregorio, Chile, and to the Total Austral facilities in Rio Cullen. Crude oil trucked to both San Gregorio and Rio Cullen is sold at a discount to the Brent oil price.

During Q3 2023, San Martin oil production averaged 502 (net 174) bbls of oil per day. During Q2 2023, the SM.a-1003 well was converted to a disposal well to capture formation water from the San Martin field. It has been used to inject formation water since June 17, 2023. During Q3 2023, the SM.a-1003 well injected at a rate of 4,403 (net 1,529) bbls of water per day, managing the disposal of water produced from the TDF Concessions and thereby reducing the associated trucking and water treatment costs.

During Q3 2023, natural gas sales from the Las Violetas concession averaged 9,005 (net 3,128) mcf per day and oil production averaged 259 (net 90) bbls of oil per day.

### Mendoza Concessions

During Q3 2023, the UTE carried out workovers on four oil wells in the CH Concession. Oil production from the CH Concession for Q3 2023 averaged 1,066 (net 533) bbls of oil per day.

During Q3 2023, the UTE carried out workovers on two oil wells and one injector well in the PPCO Concession. Oil production from the PPCO Concession for Q3 2023 averaged 230 (net 115) bbls of oil per day.

### CLL Permit

In February 2023, the Province of Mendoza issued Resolution N°208 which formally granted the CLL Permit over the CLL area for a term of 18 months until October 23, 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.

## OUTLOOK

### Capital Spending – Developed and Producing Assets included in Property and Equipment

	Previous guidance for 2023	Updated guidance for 2023	Explanation
TDF Concessions (\$)	1.1 million	0.9 million	Updated estimation of the facilities improvements cost
Mendoza Concessions (\$)	11.7 million	6.5 million	Reschedule of drilling program into 2024 and updated estimation of drilling and workover capital expenditures.
	12.8 million	7.4 million	

The Company's capital spending on developed and producing assets for fiscal 2023 is budgeted at approximately \$7.4 million. During the September 2023 period, the Company incurred \$4.9 million of capital expenditures comprised of \$0.4 million in the TDF Concessions and \$4.5 million in the Mendoza Concessions.

The Company intends to spend the remaining \$2.5 million during the last quarter of 2023 on expenditures for the following proposed activities:

- \$0.5 million for improvements to facilities in the TDF Concessions; and

- \$2.0 million for well workovers in the Mendoza Concessions.

The Company's capital spending on developed and producing assets for fiscal 2024 is budgeted at approximately \$20.0 million based on expenditures for the following proposed activities:

- \$0.2 million on improvements to facilities in the TDF Concessions;
- \$15.0 million to drill five vertical wells in the Mendoza Concessions;
- \$1.8 million for well workovers in the Mendoza Concessions; and
- \$3.0 million for facilities improvements and optimization in the Mendoza Concessions.

#### Capital Spending – Exploration and Evaluation Assets

The Company plans to spend \$0.5 million on the testing of the gas bearing sandstone layers of the Neuquén Group at CLL during 2023.

Crown Point expects to fund its capital spending, along with its other anticipated expenses, using cash held in bank accounts, cash flow from operations and/or new debt. See the Liquidity and Capital Resources section of this MD&A.

#### Argentina – Economic Summary

The International Monetary Fund ("IMF") Executive Board has completed the fifth and sixth reviews of Argentina's 30-month Extended Fund Facility ("EFF"). Since the completion of the fourth review, key program targets have been missed reflecting the historic drought in Argentina along with policy slippages. Against the backdrop of high inflation and rising balance of payments pressures, an agreement was reached on a new policy package centered on rebuilding reserves and enhancing fiscal order. Continued strong policy implementation will be critical in the period ahead to safeguard stability and strengthen medium-term sustainability.

In October 2023, general elections were held in Argentina to elect the president, vice president, members of the national congress, and the governors of most provinces. As a result, Sergio Massa, the actual Economy Minister, and Javier Milei, from the libertarian block, will go to a run-off vote on November 19, 2023, the winner of which will take the presidency from mid-December 2023.

During the last few months, Argentina's economic situation has become very challenging. Inflation rates continue to climb, reaching 103.2% in the September 2023 period and 138.3% during the 12-month period ending September 30, 2023.

#### Commodity Prices

##### *Oil*

Oil from the Company's TDF Concessions is sold at a discount to the Brent oil price. Oil from the Company's Mendoza Concessions is sold at a price negotiated with the customer. During Q3 2023, the Company received an average of \$69.43 per bbl for its TDF oil, all of which was exported and \$57.16 per bbl for oil from the Mendoza Concessions, all of which was sold to the domestic market.

##### *Natural gas*

Crown Point can sell its natural gas production to both industrial and residential consumers. During Q3 2023, the Company received an average of \$6.77 per mcf for its TDF natural gas, all of which was sold to the industrial market.

## FINANCIAL INFORMATION

### SUMMARY OF FINANCIAL INFORMATION

(expressed in \$, except shares outstanding)	September 30 2023	December 31 2022	December 31 2021
Current assets	7,791,757	9,852,182	10,261,684
Current liabilities	(14,645,097)	(11,125,229)	(7,335,026)
Working capital <sup>(3)</sup>	(6,853,340)	(1,273,047)	2,926,658
Exploration and evaluation assets	14,115,371	14,115,555	12,210,949
Property and equipment	42,360,780	43,963,610	35,536,342
Total assets	64,426,315	68,183,547	58,308,535
Non-current financial liabilities <sup>(1)(3)</sup>	17,014,523	16,055,005	3,803,031
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 September 30		Nine months ended September 30	
	2023	2022	2023	2022
Oil and natural gas sales revenue	7,400,992	10,751,784	21,235,332	24,453,878
Gain on acquisition of working interest	–	(1,046,626)	–	(1,046,626)
Loss before taxes	(2,084,976)	(469,506)	(7,751,038)	(2,604,912)
Net loss	(2,027,637)	(884,657)	(6,031,549)	(3,194,246)
Net loss per share <sup>(2)</sup>	(0.03)	(0.01)	(0.08)	(0.04)
Net cash (used) provided by operating activities	2,144,720	2,749,800	2,453,571	1,164,437
Net cash per share – operating activities <sup>(2)(3)</sup>	0.03	0.04	0.03	0.02
Funds flow (used) provided by operating activities	622,333	1,182,335	(501,188)	2,875,609
Funds flow per share – operating activities <sup>(2)(3)</sup>	0.01	0.02	(0.01)	0.04
Weighted average number of shares – basic and diluted	72,903,038	72,903,038	72,903,038	72,903,038

(1) Non-current financial liabilities are comprised of the non-current portions of trade and other payables, notes payable and lease liabilities. The total amount of notes payable at September 30, 2023 is \$22,034,071, of which \$6,301,732 is classified as current (December 31, 2022 – \$14,542,382 of which \$7,233 is classified as current; December 31, 2021 – \$5,379,245, of which \$2,169,965 was classified as current). The total amount of lease liabilities at September 30, 2023 is \$1,087,172 of which \$508,883 is classified as current (December 31, 2022 – \$1,455,890, of which \$483,527 was classified as current; December 31, 2021 – \$319,913 of which \$76,900 was classified as current). The total amount of contingent consideration liability at September 30, 2023 is \$412,180 of which \$nil is classified as current and is included in trade and other payables (December 31, 2022 – \$632,068 of which \$219,888 is classified as current and included in trade and other payables; December 31, 2021 – \$81,259, all classified as current and included in trade and other payables).

(2) 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.

(3) "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" for additional disclosures.

## RESULTS OF OPERATIONS

### Operating Netback

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Oil and natural gas sales revenue (\$)	7,400,992	10,751,784	21,235,332	24,453,878
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)
Operating costs (\$)	(4,793,415)	(4,948,226)	(15,048,736)	(11,473,732)
Operating netback <sup>(1)</sup> (\$)	1,168,398	3,279,096	2,250,782	7,880,820

<sup>(1)</sup> "Operating netback" is a non-IFRS measure. See "Non-IFRS and Other Financial Measures".

Per BOE, except total BOE sales volumes	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Total BOE sales volumes	138,243	171,446	407,863	433,763
Oil and natural gas sales revenue (\$)	53.54	62.71	52.06	56.38
Export tax (\$)	(1.01)	(2.75)	(0.93)	(2.06)
Royalties and turnover tax (\$)	(9.40)	(11.98)	(8.72)	(9.70)
Operating costs (\$)	(34.67)	(28.86)	(36.90)	(26.45)
Operating netback <sup>(1)</sup> (\$)	8.46	19.12	5.51	18.17

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

Variances in the operating netback for Q3 2023 as compared to Q3 2022 are explained by changes in sales volumes and revenues, export taxes, royalties and turnover tax and operating costs as detailed below.

### Sales Volumes and Sales Revenues

Sales volumes	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Light oil (bbls)	88,507	118,623	256,845	272,766
NGL (bbls)	1,770	1,479	4,818	2,717
Natural gas (mcf)	287,803	308,068	877,198	949,677
Total BOE	138,243	171,446	407,863	433,763
Light oil bbls per day	962	1,289	941	999
NGL bbls per day	19	16	18	10
Natural gas mcf per day	3,128	3,349	3,213	3,479
Total BOE per day	1,502	1,863	1,495	1,589



Sales revenue	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Light oil (\$)	5,410,358	8,858,920	16,217,489	20,018,169
NGL (\$)	42,484	53,362	175,375	110,904
Natural gas (\$)	1,948,150	1,839,502	4,842,468	4,324,805
Total sales revenue	7,400,992	10,751,784	21,235,332	24,453,878
Light oil per bbl (\$)	61.13	74.68	63.14	73.39
NGL per bbl (\$)	24.00	36.08	36.40	40.82
Natural gas per mcf (\$)	6.77	5.97	5.52	4.55
Total sales revenue per BOE (\$)	53.54	62.71	52.06	56.38

### Sales Volumes

During Q3 2023, the Company's average daily sales volumes were 1,502 BOE per day, higher than 1,415 BOE per day in Q2 2023 due to higher oil sales in both the TDF Concessions and the Mendoza Concessions and lower than 1,863 BOE per day in Q3 2022 mainly due to lower oil sales in the TDF Concessions.

Sales volumes were weighted as follows:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Light oil	64%	69%	63%	63%
NGL	1%	1%	1%	1%
Natural gas	35%	30%	36%	36%
Total	100%	100%	100%	100%

### Production Volumes

Average daily production volumes for Q3 2023 were 1,452 BOE per day, slightly higher than 1,421 BOE per day in Q2 2023 and lower than 1,748 BOE per day in Q3 2022 mainly due to lower production volumes in the San Martin field in the TDF Concessions caused by the increase in water production and the interventions needed to stabilize the oil production combined with the natural decline rates on natural gas wells.

Production volumes	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Light oil (bbls)	83,910	108,223	250,199	320,756
NGL (bbls)	1,710	1,323	4,502	2,488
Natural gas (mcf)	287,803	308,068	877,198	949,677
Total BOE	133,587	160,891	400,901	481,523
Light oil bbls per day	912	1,176	916	1,175
NGL bbls per day	19	14	16	9
Natural gas mcf per day	3,128	3,349	3,213	3,479
Total BOE per day	1,452	1,748	1,468	1,764

All of the Company's natural gas production is sold in the period produced, therefore natural gas sales volumes equal production volumes.

Oil (and related NGL) production from TDF may be either (1) stored then shipped for sale to the domestic market and/or international brokers for export or (2) trucked and sold to Chile. The sale of crude oil



transported by ship from TDF can be impacted by intermittent shipments due to storage levels and weather conditions and/or by delivery restrictions arising as a result of repair and maintenance activities at the shipping terminal.

Oil production from the Mendoza Concessions is sold to the domestic market and may be stored and then trucked to the delivery point in Tupungato, Mendoza.

Oil and NGL sales volumes may include both previously inventoried volumes as well as current period production.

As at September 30, 2023, all previously inventoried oil production had been sold as well as a portion of oil produced in Q3 2023, with excess oil production stored in inventory for sale in subsequent months.

For the nine months ended September 30	Oil				NGL			
	2023		2022		2023		2022	
	bbls	bbls per day	bbls	bbls per day	bbls	bbls per day	bbls	bbls per day
Inventory, January 1	39,364		8,480		2,446		2,298	
PPCO acquisition, July 1	–		318		–		–	
Production	250,199	916	320,756	1,175	4,502	16	2,488	9
Sales	(256,845)	(941)	(272,767)	(999)	(4,818)	(18)	(2,717)	(10)
Inventory, September 30	32,718		56,787		2,130		2,069	

### Revenues and Pricing

Revenue per BOE earned in Q3 2023 was approximately \$53.54 per BOE, higher than revenue per BOE of \$52.33 earned in Q2 2023 due mainly to the increase in gas prices, and lower than \$62.71 per BOE earned in Q3 2022 due to a year-over-year decrease in domestic and export oil prices.

The price earned by the Company on TDF natural gas sales in Q3 2023 averaged \$6.77 per mcf, higher than \$5.51 per mcf earned in Q2 2023 and higher than \$5.97 per mcf earned in Q3 2022. The price of natural gas earned by the Company varies with the composition of sales to the residential and industrial markets and price fluctuations within each market. 100% of sales were to the industrial market in both the 2023 periods and 2022 periods.

Oil from Crown Point's concessions earned \$61.13 per bbl in Q3 2023, lower than \$63.95 per bbl in Q2 2023 and \$74.68 per bbl in Q3 2022 due to a decrease in oil prices for domestic and export oil sales.

During Q3 2023, the Company earned \$24.00 per bbl on TDF NGL sales as compared to \$60.07 per bbl earned in Q2 2023 and \$36.08 per bbl earned in Q3 2022.

### Export Tax

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Export tax (\$)	139,494	470,681	377,964	892,217
Export tax as a % of TDF oil sales revenue	7%	9%	7%	8%
TDF export tax per BOE (\$)	1.01	2.75	0.93	2.06

The Government of Argentina imposes an export tax on all goods exported from Argentina. The Company recognizes export taxes related to TDF oil sales to the export market. The rate of export tax is determined by a formula based on the price of Brent oil, ranging from 0% when the price of Brent oil is at or below \$45 per bbl to a maximum of 8% when the price of Brent oil is at or higher than \$60 per bbl.

Q3 2022 export tax of 9% is due to certain TDF export tax adjustments related to previous quarters.

### ***Royalties and Turnover Tax***

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Provincial royalties and turnover tax (\$)	1,299,685	2,053,781	3,557,850	4,207,109
Royalties and turnover tax as a % of total sales revenue	17.6%	19.1%	16.8%	17.2%
Royalties and turnover tax per BOE (\$)	9.40	11.98	8.72	9.70

The base royalty rate for revenue from the TDF Concessions is 15% plus turnover tax at an average rate of 2% on revenues for which the base royalty is paid in cash rather than in-kind. Variances in TDF royalties are also impacted by commodity prices over certain thresholds which may increase the base rate by 0.5% increments and by the level of export sales volumes which bear an additional royalty of 2% compared to domestic sales which carry a 1% royalty.

Under the terms of the CH exploitation license agreement, the Company pays a 13% royalty on oil production from the CH Concession plus turnover tax at an average rate of 3% on revenues.

Under the terms of the PPCO exploitation license agreement, the Company pays an 18.2% royalty on oil production from the PPCO Concession plus turnover tax at an average rate of 3% on revenues.

### ***Operating Costs***

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Production and processing (\$)	3,980,634	3,956,912	12,304,042	9,598,801
Transportation and hauling (\$)	812,781	991,314	2,744,694	1,874,931
Total operating costs (\$)	4,793,415	4,948,226	15,048,736	11,473,732
Production and processing per BOE (\$)	28.79	23.08	30.17	22.13
Transportation and hauling per BOE (\$)	5.88	5.78	6.73	4.32
Operating costs per BOE (\$)	34.67	28.86	36.90	26.45

Production and processing costs per BOE in the 2023 periods are higher than those incurred in the 2022 periods, mainly due to a greater quantity of well repair services required in both the TDF and Mendoza Concessions and cost increases related to labor, supervision and repairs and maintenance combined with a decrease in sales volumes which increased fixed costs per BOE.

Transportation and hauling costs consist of contracted services hired to perform vacuum truck and transportation activities for crude oil. Transportation and hauling costs per BOE are higher in the 2023 periods than in the 2022 periods due to increases in the cost of trucking oil to the ENAP refinery at San Gregorio, Chile.

### ***Gas Processing Income***

During Q3 2023 and the September 2023 period, the Company recognized \$64,507 and \$191,658, respectively, of gas processing income as compared to \$71,536 and \$172,192 during Q3 2022 and the September 2022 period, respectively.



## G&A Expenses

	Three months ended		Nine months ended	
	September 30		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	146,360	328,285	369,693
Travel and promotion (\$)	14,178	33,363	47,912	138,175
	605,244	758,888	2,048,239	2,570,479

Salaries and benefits are lower in Q3 2023 than in Q3 2022 due mainly to the devaluation of the ARS and are lower in the September 2023 period than in the September 2022 period mainly due to a retirement allowance paid in Q1 2022 pursuant to the terms of the employment agreement with the former President and Chief Executive Officer who retired in March 2022, to bonuses granted in Q2 2022 combined with the devaluation of the ARS during 2023.

Professional fees include reserve reports fees, consulting fees for financial reporting and investor relations services, legal and consulting fees related to assistance with the preparation of various documents for regulatory compliance and consulting fees related to geological and engineering assistance. Professional fees are lower in the 2023 periods than in the 2022 periods due mainly to a reduction in legal services.

Office and general expenses are lower in Q3 2023 and the September 2023 period than in Q3 2022 and the September 2022 period due to cost-savings efforts.

Travel and promotion expenses are lower in the 2023 periods than in the 2022 periods due mainly to reduced travel between Canada and Argentina.

## Depletion and Depreciation

	Three months ended		Nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Depletion (\$)	1,784,754	1,980,998	5,302,052	4,870,997
Depreciation (\$)	140,847	37,330	422,271	81,766
	1,925,601	2,018,328	5,724,323	4,952,763
Depletion rate per BOE (\$)	12.91	11.55	13.00	11.23

Depletion rates reflect the all-in combined charge of drilling operations, various asset acquisitions and investments in facilities and gathering systems. Office furniture, equipment and other assets are recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using a straight-line basis over 3 to 10 years for Argentina office furniture and equipment and a straight-line basis over the term of the lease for leasehold improvements and right-of-use assets.

The depletion rate per BOE is higher in the 2023 periods than in the 2022 periods due mainly to the decrease of the proved plus probable reserves of the TDF Concessions and the effect of the acquisition of the PPCO Concession in Q3 2022. The decrease in TDF proved and probable reserves is attributable to the absence of a drilling campaign to replace 2022 oil and gas production.

Depreciation expense is higher in the 2023 periods than in the 2022 periods due to the addition of depreciable right-of-use assets in the latter part of 2022.

## Share-based Payments

During Q3 2023 and the September 2023 period, the Company recognized \$nil and \$16,148 (Q3 2022 and the September 2022 period – \$10,165 and \$64,961) respectively, of share-based payment expense.

As at September 30, 2023, the balance of unvested share-based payments was \$nil.

## Foreign Exchange Gain (Loss)

Foreign exchange gains (losses) reported in the consolidated statement of (loss) income and comprehensive (loss) income occur as a result of translation of foreign denominated monetary assets and liabilities to the functional currency of the respective entity and the related currency fluctuations between the CAD and the USD and the USD and the ARS.

Exchange rates as at:	September 30 2023	December 31 2022
CAD to USD <sup>(1)</sup>	0.7396	0.7383
ARS to USD <sup>(2)</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)

In Crown Point, the translation of USD denominated foreign net monetary liabilities to CAD during the September 2023 period resulted in a foreign exchange loss of approximately \$18,800 (September 2022 period – \$60,600 foreign exchange gain).

Notwithstanding that the functional currency of the Company's Argentine subsidiary is the USD, a portion of monetary assets and liabilities such as certain accounts receivable, accounts payable and loans are denominated in ARS and re-measured into the functional currency at each reporting date, making net monetary assets and liabilities somewhat sensitive to currency fluctuations.

In the Argentine subsidiary, the translation of ARS denominated net monetary liabilities to USD during the September 2023 period resulted in a foreign exchange gain of approximately \$649,400 (September 2022 period – \$1,122,000 foreign exchange loss).

Currency devaluation in Argentina partially impacts the cost of ARS denominated items which are translated to the USD functional currency of the Argentine subsidiary. A portion of the Company's operating costs and general and administrative expenses incurred in Argentina are denominated in ARS and are also subject to inflation adjustments. During the September 2023 period, the devaluation of ARS resulted in lower operating costs and general and administrative expenses incurred in Argentina by approximately 26% (September 2022 period– devaluation of ARS; lower by 18%), offset by cost increases related to inflation.

During the September 2023 period, the devaluation of ARS resulted in a reduction in the USD equivalent of ARS denominated foreign currency denominated financial instruments, excluding loans and notes payable, by approximately \$2.1 million (September 2022 period – devaluation of ARS; reduction by approximately \$0.7 million).

The effect of currency devaluation on ARS denominated loans during the September 2023 period was a \$1.8 million reduction in the USD equivalent amount (September 2022 period – \$1.9 million reduction in the USD equivalent amount of loans and notes payable).



## Net Finance Expense

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Interest income (\$)	327,021	112,800	461,959	231,751
Gain on revision of right-of-use assets 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 (\$)	(341,894)	(695,115)	(2,024,168)	(1,263,294)
Interest on notes payable (\$)	(222,498)	(190,731)	(513,156)	(720,047)
Amortization of notes payable transaction costs (\$)	(34,207)	(94,323)	(72,043)	(117,658)
Cost of exchange of Series I Notes and Series II Notes	–	(250,409)	–	(250,409)
Accretion of decommissioning provision (\$)	(111,787)	(50,179)	(318,166)	(136,902)
Interest on lease liabilities (\$)	(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)

Interest income is earned on interest-earning bank accounts and on the trust account funds for the restricted cash invested. The amount earned in the 2023 periods is higher than in the 2022 periods due to higher interest rates in the 2023 periods.

Financing fees and bank charges result primarily from bank taxes charged in Argentina on cash transfers. Cash transfers were lower in the 2023 periods than in the 2022 periods.

Interest on loans is higher in the September 2023 period than in the September 2022 period due to a higher average amount of loans during the September 2023 period combined with higher interest rates and is lower in Q3 2023 than in Q3 2022 due to the repayment of certain loans with the proceeds from the issuance of Series IV Notes in July 2023. See the Liquidity and Capital Resources –Loans section of this MD&A.

Interest on notes payable in the September 2023 period is lower than in the September 2022 period due to the August 2022 exchange of Series I Notes and Series II Notes for Series III Notes at a lower interest rate and is higher in Q3 2023 than in Q3 2022 due to the issuance of Series IV Notes in July 2023.

## Taxes

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Current tax (\$)	–	–	–	–
Deferred tax recovery (provision) (\$)	57,339	(415,151)	1,719,489	(589,334)
Total 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 2023 periods 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 2022 periods 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.

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

## CAPITAL EXPENDITURES

The Company incurred \$10,523 and \$2,553,818 of drilling expenditures on exploration and evaluation (“E&E”) assets related to CLL during the September 2023 period and the September 2022 period, respectively.

	Nine months ended September 30	
	2023	2022
E&E expenditures on the CLL Permit (\$)	10,523	2,553,818
Decommissioning revisions (\$)	(10,707)	(2,859)
Loss on decommissioning	–	(78,576)
E&E expenditures, net (\$)	(184)	2,472,383

The loss on decommissioning in the September 2022 period represents the write-off of the carrying amount of decommissioning revisions related to a previously written-off well following the fulfillment of the related decommissioning obligation.

The Company recognized the following additions to property and equipment assets during the September 2023 period and the September 2022 period:

	Nine months ended September 30	
	2023	2022
Development and production asset expenditures (\$)	4,913,410	8,367,695
Other asset expenditures (\$)	15,352	81,030
	4,928,762	8,448,725
Government grants (\$)	(70,468)	(58,951)
Property and equipment expenditures (\$)	4,858,294	8,389,774

During the September 2023 period, the Company incurred \$358,037 of expenditures in the TDF Concessions primarily related to production optimization in the San Martin field and other facilities improvements and \$4,555,373 of expenditures in the Mendoza Concessions related to well workovers, extractive system enhancements and facilities improvements.

During the September 2022 period, the Company incurred: \$5,567,595 of expenditures in the TDF Concessions primarily related to the drilling of the SM.a-1004 and LV-118 wells, SM x-1001 well intervention operations, the construction of the oil pipeline to connect the Cruz del Sur oil storage facility and the San Martin oil field with the Total Austral operated Rio Cullen marine terminal and other facilities improvements; and \$2,800,100 of expenditures in the Mendoza Concessions related to well workovers, extractive system enhancements, facilities improvements and materials acquisitions.

### 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. The Activa Programs provide a refund (“government grant”) of up to 40% of amounts invested in the 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 September 2023 period, the Company received ARS 16.6 million (\$0.07 million) of Program II turnover tax and royalty credits related to investments in the Mendoza Concessions.

## LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due. The Company manages its liquidity risk through management of its capital structure and annual budgeting of its revenues, expenditures and cash flows.

During the September 2023 period, the Company reported a net loss of \$6,031,549 primarily related to interest on loans and notes payable and higher operating costs. The Company reported \$2,453,571 of net cash provided by operating activities and \$501,188 of funds flow used in operating activities during the September 2023 period. As at September 30, 2023, the Company reported a \$6,853,340 working capital deficit (December 31, 2022 – \$1,273,047 working capital deficit), including \$403,931 of cash held in bank accounts.

The Company's capital expenditure budget for fiscal 2024 is estimated to be \$20.0 million comprised of \$0.2 million for facilities improvements in TDF and \$19.8 million for drilling five vertical wells, well workovers and facilities improvements and optimization in the Mendoza Concessions. For details of the Company's fiscal 2024 capital expenditure program, see the Outlook section of this MD&A.

The Company expects to meet these obligations, along with its other anticipated expenses, using cash held in bank accounts, cash flow from operating activities and/or new debt. See the Subsequent Events section of this MD&A.

In 2021, Crown Point Energia S.A. obtained approval from Argentina's National Security Commission to launch offerings for notes payable for up to \$75 million (or its equivalent in other currencies) effective until March 18, 2026. As of September 30, 2023, the Company has issued \$22.1 million of notes payable and \$52.9 million is available for future offerings. The Company has future capital commitments to develop its properties as described in the Commitments section of this MD&A. As new opportunities arise or planned expenditures are revised, the Company is committed to raising the necessary funds required for operations and capital expenditures through equity financing, joint venture agreements, and debt. If more of the Company's properties become economic and productive, the additional cash flow generated will assist in funding the Company's future activities.

### 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 - \$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 Energia S.A. issued a total of \$7,476,000 principal amount of unsecured fixed-rate Series IV Notes for cash consideration, which are denominated in USD and payable in ARS. The principal amount of the 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.

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.

### Loans

As at September 30, 2023, the Company had the following loans arrangements in place:

Lender	Amount drawn at September 30, 2023		Annual rate of interest <sup>(1)</sup>	Maturity date
	ARS	USD		
Banco Hipotecario S.A. ARS 800 million limit overdraft loan	59.6 million	0.2 million	118%	April 30, 2024
Banco Nación S.A. BNA Working Capital Loan II	13.8 million	0.04 million	BADLAR + 10%	December 13, 2023
BNA Working Capital Loan III	13.8 million	0.04 million	BADLAR + 10%	March 11, 2024
BNA Working Capital Loan IV	6.9 million	0.02 million	BADLAR + 10%	March 19, 2024
BNA Working Capital Loan V	38.5 million	0.1 million	BADLAR + 10%	June 24, 2024
	<u>73 million</u>	<u>0.2 million</u>		
Banco Galicia S.A. ARS 80 million limit overdraft loan	78.9 million	0.2 million	132%	October 17, 2023 <sup>(2)</sup>
Banco CMF S.A. ARS 80 million limit overdraft loan	80.4 million	0.2 million	125%	October 17, 2023 <sup>(2)</sup>
Mr. Pablo Peralta USD Working capital loan		0.3 million	4%	January 11, 2024
Total principal amount of loans		<u>1.1 million</u>		

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

<sup>(2)</sup> Renewed until November 17, 2023.

## 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 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 Q3 2023 and the September 2023 period, Grupo ST S.A. charged the Company \$3,021 and \$27,671 (Q3 2022 and the September 2022 period – \$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 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 Q3 2023 and the September 2023 period, the Company was charged \$5,245 (Q3 2022 and the September 2022 period, \$26,224 and \$52,396, respectively) in loan 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 Q3 2023 and the September 2023 period, the Company sold a portion of natural gas production from the TDF Concessions 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) (Q3 2022 and the September 2022 period – \$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 June 30, 2023, and the date of this MD&A, 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.

There were no other transactions between the Company and related parties of the Company during the 2023 periods and the 2022 periods.

## **SUBSEQUENT EVENTS**

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.

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.

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.



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 loan agreements with Banco Galicia S.A. and Banco CMF S.A..

## SHARE CAPITAL

Issued and outstanding	Common Shares	Stock Options
December 31, 2022, September 30, 2023 and date of MD&A	72,903,038	4,350,000

## COMMITMENTS

### 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.

### 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 workovers, infrastructure optimization and a multi-well drilling program to be completed 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 workovers, infrastructure optimization and a multi-well drilling program to be completed by August 2028.

### 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.

## OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## FINANCIAL INSTRUMENTS

The fair values of cash, restricted cash, trade and other receivables, trade and other payables and loans are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At September 30, 2023 and December 31, 2022, the fair value of these balances approximated their carrying amount due to their short terms to maturity. The fair values of notes payable, lease liabilities and the contingent consideration liability are based on the discounted present value of future cash flows and approximate carrying amounts.

The Company's accounts receivable are primarily with industry partners and are subject to normal industry credit risks. The Company extends unsecured credit to these entities, and therefore, the collection of any receivables may be affected by changes in the economic environment or other conditions. Management believes the risk is mitigated by the financial position of the entities. To date, the Company has not participated in any risk management contracts or commodity price contracts.



## SELECTED CONSOLIDATED QUARTERLY INFORMATION

The following table sets forth selected consolidated financial information of the Company for the periods presented.

Unaudited Three months ended:	September 30 2023	June 30 2023	March 31 2023	December 31 2022	September 30 2022	June 30 2022	March 31 2022	December 31 2021
Working capital <sup>(2)</sup> (\$)	(6,853,340)	(9,884,218)	(4,628,766)	(1,273,047)	257,308	(5,161,736)	(2,938,400)	2,926,658
Oil and natural gas sales revenue (\$)	7,400,992	6,733,782	7,100,558	8,586,742	10,751,784	8,214,263	5,487,831	10,168,669
Net income (loss) (\$)	(2,029,906)	(2,142,342)	(1,861,570)	(2,712,553)	(884,657)	(667,490)	(1,642,099)	742,431
Basic and diluted net income (loss) per share <sup>(1)</sup> (\$)	(0.03)	(0.03)	(0.03)	(0.04)	(0.01)	(0.01)	(0.02)	0.01
Net cash provided (used) by operating activities (\$)	2,144,720	(614,923)	923,774	170,378	2,749,800	(1,553,129)	(32,234)	2,080,962
Cash portion of acquisition of working interest (\$)	–	–	–	–	5,000,000	–	–	–
Property and equipment expenditures (\$)	2,072,424	1,814,329	1,042,009	1,903,899	2,227,726	3,471,636	2,749,363	1,511,507
E&E expenditures	1,174	6,210	3,139	9,700	5,905	14,753	2,533,160	820,517
Total assets (\$)	64,426,315	64,793,224	66,278,879	68,183,547	72,635,556	65,277,006	58,984,311	58,308,535
Loans (\$)	1,149,582	6,469,727	5,044,080	4,123,737	3,311,315	6,104,639	1,828,985	–
Notes payable <sup>(3)</sup> (\$)	22,034,071	14,580,087	14,557,834	14,542,382	14,523,424	5,075,463	4,997,806	5,379,245

<sup>(1)</sup> The sum of quarterly per share amounts may not add to annual figures due to rounding.

<sup>(2)</sup> "Working capital" is a capital management measure. See "Non-IFRS and Other Financial Measures" for additional disclosures.

<sup>(3)</sup> Total of current and non-current portions of notes payable.

Significant quarter-over-quarter variances in net income (loss) and working capital are explained below:

- Working capital deficit decreased in Q3 2023 due mainly to cash proceeds from the issuance of Series IV Notes that are payable 24 months after the issuance date.
- The reported net loss decreased in Q3 2023 due mainly to higher oil and gas sales revenue combined with lower operating costs and lower interest on loans.
- Working capital decreased in Q2 2023 due mainly to the increase in loans, trade and other payables and the reclassification of a portion of notes payable to current liabilities.
- The reported net loss increased in Q2 2023 mainly due to higher operating expenses and interest on loans.
- Working capital decreased in Q1 2023 due mainly to the reclassification of a portion of notes payable to current liabilities.
- The reported net loss decreased in Q1 2023 mainly due to a decrease in general and administrative expenses and depletion and depreciation expense; in addition, Q4 2022 net loss included impairment.
- Working capital decreased in Q4 2022 due mainly to the increase in loans, trade and other payables and the current portion of lease liabilities.
- The reported net loss increased in Q4 2022 due to lower oil sales revenue combined with an increase in operating costs and impairment of the TDF cost generating unit.
- Working capital increased in Q3 2022 due mainly to the issuance of Series III Notes that are payable 36 months after the issuance date.
- The reported net loss increased in Q3 2022 due to foreign exchange losses and increases in depletion and depreciation and net finance expense offset by the gain on acquisition of working interest.
- Working capital decreased in Q2 2022 due to the increase in property and equipment.
- The reported net loss decreased in Q2 2022 due to an increase in oil and natural gas sales revenue partially offset by higher finance expenses caused by the increase in capital expenditures

requirements.

- Working capital decreased significantly in Q1 2022 due to the increase in property and equipment and E&E expenditures combined with lower trade and other receivables.
- The reported net loss in Q1 2022 is mainly due to a decrease in oil and natural gas sales revenue due to lower oil sales volumes.

## **BUSINESS RISKS AND UNCERTAINTIES**

Crown Point's production and exploration activities are conducted only in Argentina, where activity is highly competitive and includes a variety of different sized companies ranging from smaller junior producers to the much larger integrated petroleum companies. Crown Point is subject to various types of business risks and uncertainties, which may materially affect the Company's future financial and operating performance, including without limitation the following:

- risks associated with the upcoming run-off election to elect the new President and Vice-President of Argentina, including uncertainty regarding the outcome of such elections, the policies that the winner of such election might implement, and the resulting impact on Argentina's economy and the oil and natural gas industry in Argentina;
- the risk that climate change concerns could result in increased operating costs and reduced demand for our products, while the potential physical effects of climate change could disrupt our production and cause us to incur significant costs preparing for or responding to those effects;
- the risk that global or national health concerns, including the outbreak of pandemic or contagious diseases, such as COVID-19 (coronavirus), may adversely affect us by, among other things (i) reducing global economic activity thereby resulting in lower demand for crude oil, NGLs and natural gas, (ii) impairing our supply chain (for example, by limiting the manufacturing of materials or the supply of services used in our operations), (iii) affecting the health of our workforce and/or the workforce of our suppliers and/or customers, rendering employees unable to work or travel, thereby potentially impacting our ability to produce, transport and/or sell our crude oil, NGLs and natural gas, and (iv) rendering one or more of our customers, joint venture partners and/or other contractual counterparties insolvent or bankrupt and therefore unable to comply with their contractual obligations to us;
- risks associated with the ability of OPEC and other oil and gas exporting nations to set and maintain production levels and influence prices for crude oil;
- risks associated with operations in emerging markets, including: changes in energy policies or personnel administering them; nationalization of the Company's assets; the development and/or persistence of hyper-inflationary conditions; the potential for a sovereign debt default; significant increases in interest rates; lack of availability of credit; currency fluctuations between the USD, the CDN and the ARS and/or devaluations of the ARS; commodity price controls; export controls; export taxes; changes in royalty and tax rates; and monetary and currency exchange controls, or exchange restrictions, as further discussed below;
- risks associated with wars, insurrections and other armed conflicts and any resulting economic sanctions (including the ongoing war in Ukraine and related economic sanctions imposed on Russia and associated entities and individuals), including the risk that such events impact economic activity in Argentina or globally and consequently the demand for crude oil and natural gas;
- exchange restrictions imposed by the Central Bank of Argentina on the Company's subsidiaries from time to time, which may restrict, among other things: the payment of dividends and profits to the Company; the repatriation of funds by the Company from its subsidiaries; payments made to non-residents for the importation of goods; payments made to the Company for the importation of services; the funding of assets located outside of Argentina; and the obligation to settle certain transactions involving the receipt of foreign funds (i.e. USD) in ARS, including foreign funds obtained from the export of goods such as crude oil; all of which, among other things, may affect the ability of the Company's subsidiaries to obtain the foreign currency necessary to meet its financial obligations and/or may affect the ability of the Company's subsidiaries to distribute funds to the Company in order

- to permit the Company to discharge its financial obligations in the ordinary course of business;
- the risks of the oil and gas industry both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;
  - general economic conditions in Canada, Argentina and globally, including the risk of a recession in Argentina and/or globally that reduces economic activity;
  - the ability of management to execute its business plan;
  - reliance on third party operators and joint venture partners to satisfy their commitments under existing agreements and arrangements and to carry out operations in a safe, efficient and effective manner;
  - the risks of disputes with third party operators and joint venture partners and the effect that such disputes can have on the Company's operations and results;
  - uncertainties inherent in estimating quantities of oil and natural gas reserves and cash flows to be derived therefrom and the risk that the value of such reserves may be impaired in future periods, whether due to a change in well performance such as a well beginning to produce a significant amount of water after the effective date of the estimate, a material decline in commodity prices after the effective date of the estimate, or other developments;
  - fluctuations in the price of oil and natural gas, interest rates, inflation rates and exchange rates;
  - the risk that the Company will not be able to reduce its operating costs and thereby improve the return on its investments, particularly given that the Company does not operate the concessions from which it derives its production;
  - lack of diversification of the Company's oil and gas interests;
  - the impact of work disruption and labour unrest on the Company's operations;
  - actions taken by governmental authorities, including increases in taxes, the introduction of new taxes and changes in government regulations and incentive programs;
  - geological, technical, drilling and processing problems;
  - risks inherent in marketing operations, including credit risk;
  - the ability to enter into, renew and/or extend leases and/or concessions;
  - the uncertainty of estimates and projections relating to production, costs and expenses;
  - potential delays or changes in plans with respect to exploration or development projects or capital expenditures including delays arising as a result of the Company's inability to obtain the necessary oilfield services required, including drilling and fracture stimulation equipment and related personnel, delays arising as a result of the Company's inability to obtain the necessary governmental approvals, including regulatory approvals relating to the protection of the environment, and delays arising as a result of a decline in commodity prices arising as a result of reduced demand for commodities and/or other factors;
  - the insufficiency of cash flow to fund operations;
  - uncertainty of finding reserves and developing and marketing those reserves;
  - unanticipated operating events, which could reduce production or cause production to be shut in or delayed;
  - the ability of management to identify and complete potential acquisitions;
  - if completed, the failure to realize the anticipated benefits of acquisitions;
  - incorrect assessments of the value of acquisitions;
  - shut-ins of connected wells resulting from extreme weather conditions;
  - insufficient storage or transportation or processing capacity for the Company's production, or the need to halt or restrict production while such facilities receive maintenance or repairs or while international borders are closed, or the risk that the cost to use third party facilities increases or that such facilities are decommissioned or otherwise become unavailable to the Company;
  - hazards such as fire, explosion, blowouts, cratering and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury;
  - encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations, and the resulting impact on our production and reserves;
  - the failure to satisfy work commitments by the applicable deadline and the consequences thereof, including the potential loss of exploration and exploitation rights;
  - the enforcement of civil liability in Argentina;

- risks associated with conflicting interests with partners;
- income tax reassessments and other taxes payable by the Company;
- the ability to add production and reserves through development and exploration activities;
- governmental regulation of the oil and gas industry, including the possibility that governments, government policies or laws, including laws and regulations related to the environment, may change in a manner that is adverse to the Company, or that governmental approvals may be delayed or withheld;
- failure to obtain industry partner and other third party consents and approvals, as and when required;
- risks associated with having a control person owning approximately 59.5% of the Company's shares and having two representatives on the board of directors, including the potential that the control person may exert a significant amount of influence over the Company's affairs and that the liquidity of the Company's common shares may decline;
- risks associated with having two shareholders who control approximately 74.7% of the Company's shares, including that the liquidity of the Company's common shares may decline;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel;
- the availability of capital on acceptable terms to fund the Company's capital programs and acquisitions, including the ability of the Company to obtain new loans and/or issue new notes, renegotiate the terms of its existing loans and/or notes if necessary and/or repay the principal and interest owing under its existing loans and/or notes, and the risk that changing investor sentiment towards the crude oil and natural gas industry may impact our access to, and the cost of, capital and/or insurance; and
- the risk of breaches of our cyber-security and loss of, or unauthorized access to, our electronic data.

For additional details of the risks relating to the Company's business, see the Company's most current Annual Information Form, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **LEGAL, ENVIRONMENTAL, REMEDIATION AND OTHER CONTINGENT MATTERS**

The Company reviews legal, environmental remediation and other contingent matters to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and determine that the loss can reasonably be estimated. When the loss is determined, it is charged to earnings. The Company's management monitors known and potential contingent matters and makes appropriate provisions by charges to earnings when warranted by circumstances.

## **NON-IFRS AND OTHER FINANCIAL MEASURES**

Throughout this MD&A 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 (used) by 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 (used) by operating activities divided by the basic and diluted weighted average number of common shares outstanding for the period. See "Financial Information – 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 (used) by operating activities divided by the basic and diluted weighted average number of common shares outstanding for the period. See "Financial Information – 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, notes payable and lease liabilities as presented in the Company's consolidated statements of financial position. See "Financial Information – 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 "Results of Operations – 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 "Results of Operations – 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 "Financial Information – 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

The following abbreviations that may be used in this MD&A have the meanings set forth below:

<b>3-D</b>	-	three dimensional
<b>API</b>	-	American Petroleum Institute gravity, being an indication of the specific gravity of crude oil measured on the API gravity scale
<b>bbl</b>	-	barrel
<b>bbls</b>	-	barrels
<b>BOE</b>	-	barrels of oil equivalent
<b>km</b>	-	kilometres
<b>km<sup>2</sup></b>	-	square kilometres
<b>m</b>	-	meters
<b>m<sup>3</sup></b>	-	cubic meters
<b>mcf</b>	-	thousand cubic feet
<b>mm</b>	-	millimetres
<b>mmcf</b>	-	million cubic feet
<b>NGL</b>	-	natural gas liquids
<b>psi</b>	-	pounds per square inch
<b>Q1</b>	-	three months ended March 31
<b>Q2</b>	-	three months ended June 30
<b>Q3</b>	-	three months ended September 30
<b>Q4</b>	-	three months ended December 31
<b>UTE</b>	-	Union Transitoria de Empresas, which is a registered joint venture contract established under the laws of Argentina
<b>WI</b>	-	working interest
<b>YPF</b>	-	Yacimientos Petrolíferos Fiscales S.A.

All BOE conversions in this MD&A 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.

## **ADVISORIES**

### **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 MD&A 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, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", "aim", "budget", "outlook" or the negative of these terms or other comparable terminology are generally intended to identify 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 MD&A 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 MD&A contains forward-looking information concerning, among other things, the following: under "Corporate Overview and Strategy", all elements of the Company's business strategy and focus in the TDF Concessions, the Mendoza Concessions and the CLL Permit, future operations to be conducted by the Company in furtherance of such business strategy and focus, and the Company's expectations of the benefits to be derived from such business strategy and focus and related future operations; under "Operational Update", the Company's plans for future operations on its TDF Concessions, Mendoza Concessions and CLL Permit and the anticipated benefits to be derived therefrom and timing thereof, including the Company's expectations for the possible extension of the CLL Permit; under "Outlook", our estimated capital expenditure budgets for fiscal 2023, Q4 2023 and fiscal 2024, the capital expenditures that we intend to make in our TDF Concessions, Mendoza Concessions and CLL Permit during each period, and our expectations for how we will fund our capital expenditures and other expenses during such periods; under "Outlook – Argentina – Economic Summary", our expectations relating to Argentina's EFF arrangement with the IMF and the benefits to be derived therefrom; under "Liquidity and Capital Resources", our strategies for managing our liquidity risks, our capital expenditure budget for fiscal 2024 and the expenditures we expect to make at TDF and the Mendoza Concessions, our expectations for how we will fund our capital expenditure program and other expenses, and our commitment to raise the necessary funds required for operations and capital expenditures; and under "Business Risks and Uncertainties", the business risks and uncertainties that we face and the potential impact such risks may have on the Company. 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. Actual results achieved during the forecast period will vary from the information provided in this MD&A 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 MD&A 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 complete the pipeline; 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; that the price received by the Company for its oil is at a substantial discount to the Brent oil price; and the risks and other factors described under “Business Risks and Uncertainties” in this MD&A and under “Risk Factors” in the Company’s most recently filed Annual Information Form, which is available for viewing on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

With respect to forward-looking information contained in this MD&A, the Company has made assumptions regarding, among other things: the cost to build the oil pipeline to connect the Cruz del Sur oil storage facility and the San Martin oil field with the Total Austral operated Rio Cullen marine terminal and the timing thereof; trucking costs; that the COVID-19 (coronavirus) pandemic will not have a material impact on the Company and our operations going forward, including 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; the impact of inflation rates in Argentina and the devaluation of the ARS 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 following the upcoming run-off election to elect the new President and Vice-President of Argentina), 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, inflation 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 MD&A 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 MD&A are expressly qualified by this cautionary statement.

**The forward-looking information contained herein is made as of the date of this MD&A 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.**

## **ADDITIONAL INFORMATION**

Additional information regarding the Company, including the Company’s most recently filed Annual Information Form, and its business and operations is available on the Company’s profile at [www.sedarplus.ca](http://www.sedarplus.ca). Copies of the information can also be obtained by contacting the Company at Crown Point Energy Inc., PO Box 1526 Station M, Calgary, Alberta, T2P 3B9, or by phone at (403) 232-1150, by email at [info@crownpointenergy.com](mailto:info@crownpointenergy.com) or on the Company’s website at [www.crownpointenergy.com](http://www.crownpointenergy.com).