

FOR IMMEDIATE RELEASE  
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CWV: TSX.V

## **Crown Point Announces Operating and Financial Results for the Three and Nine Months Ended September 30, 2021**

**TSX-V: CWV: Crown Point Energy Inc.** (“Crown Point”, the “Company” or “we”) today announced its operating and financial results for the three and nine months ended September 30, 2021.

Copies of the Company’s September 30, 2021 unaudited condensed interim consolidated financial statements and management’s discussion and analysis (“**MD&A**”) filings are being filed with Canadian securities regulatory authorities and will be made available under the Company’s profile at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.crownpointenergy.com](http://www.crownpointenergy.com). **All dollar figures are expressed in United States dollars ("USD") unless otherwise stated.** References to “ARS” are to Argentina Pesos.

In the following discussion, the three and the nine months ended September 30, 2021 may be referred to as “Q3 2021” and “the September 2021 period”, respectively. The comparative three and nine months ended September 30, 2020 may be referred to as “Q3 2020” and “the September 2020 period”, respectively.

### **Q3 2021 SUMMARY**

During Q3 2021, the Company:

- Reported income before taxes of \$1.1 million and a net income of \$1.4 million as compared to Q3 2020 when the Company reported a loss before taxes of \$1.5 million and a net loss of \$1.3 million;
- Reported net cash provided by operating activities of \$2.4 million and funds flow from operating activities of \$1.4 million as compared to Q3 2020 when the Company reported \$0.03 million of net cash provided by operating activities and \$0.5 million of funds flow used by operating activities;
- Recognized an additional \$1.3 million for the gain on the acquisition of the 50% working interest in the Chañares Herrados producing oil block (the “CH Concession”) related to the updated estimation of the fair value of the CH Concession’s oil and natural gas reserves reported on by independent engineers which formed the basis for the revised fair value of property and equipment;
- Earned \$6.9 million of oil and natural gas sales revenue on total average daily sales volumes of 1,690 BOE per day, up from \$2.4 million of oil and natural gas sales revenue earned on total average daily sales volumes of 1,240 BOE per day in Q3 2020 due to the combined effect of oil sales from both the CH Concession and the Tierra del Fuego Concession and an increase in commodity prices;
- Received an average of \$4.31 per mcf for natural gas and \$56.88 per bbl for oil compared to \$2.46 per mcf for natural gas and \$30.99 per bbl for oil received in Q3 2020;
- Reported an operating netback of \$14.29 per BOE, up from \$4.17 per BOE in Q3 2020;
- Obtained \$0.3 million of short-term working capital loans and repaid \$0.5 million of short-term working capital loans and bank loans. The Company had no outstanding bank debt or short-term working capital loans at September 30, 2021; and
- Reported a working capital surplus of \$5.2 million.

## **OPERATIONAL UPDATE**

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

#### La Angostura Concession

During the September 2021 period, San Martin oil production averaged 1,649 (net 573) bbls of oil per day. During the latter part of Q3 2021, colder weather caused a buildup of paraffin deposits in the San Martin oil pipeline forcing its temporary shutdown. During this time oil was trucked to the Cruz del Sur facility.

The Company plans to drill a step-out well (SM a-1004) on the western flank of the San Martin structure in January 2022 to test for oil in a fault compartment immediately west of the SM a-1002 producing well.

#### Las Violetas Concession

During the September 2021 period, natural gas production from the Las Violetas concession averaged 14,061 (net 4,883) mcf per day and oil production averaged 322 (net 112) bbls of oil per day. Oil produced in association with natural gas production is trucked to the San Martin field, blended with San Martin oil and transported to Cruz del Sur for storage and sale.

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

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

On March 13, 2021, the Crown Point – Aconcagua joint venture took over operatorship of the CH Concession. By the end of September 2021, workovers on 20 shut-in oil wells had been carried out and those wells were placed back on production. Average oil production for the 201-day period from March 13 to September 30, 2021 was 941 (net 470) bbls of oil per day.

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

The Company is committed to drilling one exploration well on the CLL permit by February 22, 2022 and plans to do so in Q4 2021.

## **OUTLOOK**

The Company's capital spending for the last quarter of 2021 is budgeted at \$5.0 million comprised of \$1.3 million for ongoing improvements to facilities in TDF and the construction of a field oil pipeline to a new delivery point at the Cullen terminal located in the north of TDF, \$1.2 million for well workovers, facilities improvements and optimization in CH and \$2.5 million to drill one exploration well on the CLL exploration permit.

The Company's capital spending for fiscal 2022 is budgeted at \$9.5 million comprised of \$4.2 million in TDF for a horizontal well in Las Violetas, a vertical well in San Martin, facilities improvements and the construction of a field oil pipeline to a new delivery point at the Cullen terminal and \$5.3 million in CH for well workovers, facilities improvements and optimization.

CLL capital spending for fiscal 2022 is subject to the results of the exploration well that will be drilled in Q4 2021.

## **ARGENTINA – COVID-19**

On August 6, 2021, after 10 consecutive weeks of lower COVID-19 cases and eight weeks of declining deaths, the government announced a relaxation of restrictions. The first stage of the program included an increase in the number of people who can meet in person, the reopening of schools, and an increase in the number of people authorized to enter the country from 1,000 per day to 1,700 per day. Argentina has been in the second stage of the relaxation of COVID-19 restrictions since October 2021, which includes greater capacity for closed-

door meetings, unlimited attendance at public events, outdoor events with more than 1,000 attendees can operate at 50 percent capacity, group trips for those who are fully-vaccinated, and reopening the border to receive vaccinated residents and citizens of neighboring countries without undergoing a quarantine period. On November 1, the same rules were extended to all fully-vaccinated foreigners. Those who have not been vaccinated against COVID-19 will be able to enter the country but will have to undergo a quarantine period of at least seven days.

## ARGENTINA – ELECTIONS

On September 12, 2021, the primary elections of the Primarias Abiertas Simultáneas y Obligatorias (“PASO”) were held to renew half of the Chamber of Deputies and a third of the Senate of the Nation. The results of the PASO elections indicated a strong performance by Argentina's main opposition coalition. The general elections will be held on November 14, 2021.

## SUMMARY OF FINANCIAL INFORMATION

(expressed in \$, except shares outstanding)	September 30 2021	December 31 2020	December 31 2019
Working capital	5,203,698	3,021,590	1,831,197
Exploration and evaluation assets	11,185,864	11,182,557	10,920,359
Property and equipment	34,292,385	16,358,182	31,151,688
Non-current contingent consideration receivable	–	–	1,634,740
Total assets	55,544,951	33,687,340	55,638,052
Non-current financial liabilities	4,995,018	972,765	3,283,943
Share capital	56,456,328	56,456,328	56,456,328
Total common shares outstanding	72,903,038	72,903,038	72,903,038

(expressed in \$, except shares outstanding)	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Oil and natural gas sales revenue	6,946,518	2,435,673	18,324,667	7,705,217
Gain on acquisition of working interest	(1,347,141)	–	(9,529,551)	–
Impairment of property and equipment and goodwill	–	–	–	9,985,549
Income (loss) before taxes	1,060,279	(1,470,425)	9,313,930	(13,361,874)
Net income (loss)	1,408,708	(1,276,965)	9,032,322	(10,604,900)
Net income (loss) per share <sup>(1)</sup>	0.02	(0.02)	0.12	(0.15)
Net cash provided (used) by operating activities	2,449,967	26,128	4,791,202	(958,809)
Net cash per share – operating activities <sup>(1)</sup>	0.03	0.00	0.07	(0.01)
Funds flow from (used by) operating activities <sup>(2)</sup>	1,445,451	(530,418)	4,732,256	(158,765)
Funds flow per share – operating activities <sup>(1)(2)</sup>	0.02	(0.01)	0.06	(0.00)
Weighted average number of shares - basic	72,903,038	72,903,038	72,903,038	72,903,038
Weighted average number of shares - diluted	72,948,008	72,903,038	72,957,938	72,903,038

<sup>(1)</sup> All per share figures are the same for the basic and diluted weighted average number of shares outstanding in the period. The effect of options is anti-dilutive in loss periods. Per share amounts may not add due to rounding.

<sup>(2)</sup> "Funds flow from (used by) operating activities" and "Funds flow per share – operating activities" are non-IFRS measures. See "Non-IFRS Measures" in the "Advisory" section of this press release and in the Company's September 30, 2021 MD&A for a reconciliation of these measures to the nearest comparable IFRS measures.

## Sales Volumes

	TDF	CH	Three months ended September 30	
			2021	2020
			Total	Total (TDF)
Light oil bbls per day	465	555	1,020	503
NGL bbls per day	14	–	14	–
Natural gas mcf per day	3,937	–	3,937	4,423
<b>Total BOE per day</b>	<b>1,135</b>	<b>555</b>	<b>1,690</b>	<b>1,240</b>

  

	TDF	CH	Nine months ended September 30	
			2021	2020
			Total	Total (TDF)
Light oil bbls per day	596	347 <sup>(1)</sup>	943	449
NGL bbls per day	9	–	9	2
Natural gas mcf per day	4,201	–	4,201	4,749
<b>Total BOE per day</b>	<b>1,305</b>	<b>347</b>	<b>1,652</b>	<b>1,243</b>

<sup>(1)</sup> 347 BOE per day is based on 273 days in the September 2021 period; based on 201 days of ownership of the CH Concession from March 13 to September 30, 2021, total CH sales volumes were 471 BOE per day.

## Operating Netback

Per BOE	TDF	CH	Three months ended September 30	
			2021	2020
			Total	Total (TDF)
Oil and natural gas revenue (\$)	41.96	50.25	44.68	21.34
Export tax (\$)	(2.02)	–	(2.02)	0.12
Royalties and turnover tax (\$)	(7.17)	(7.65)	(7.33)	(4.39)
Operating costs (\$)	(15.14)	(34.16)	(21.04)	(12.90)
<b>Operating netback <sup>(1)</sup> (\$)</b>	<b>17.63</b>	<b>8.44</b>	<b>14.29</b>	<b>4.17</b>

  

Per BOE	TDF	CH	Nine months ended September 30	
			2021	2020
			Total	Total (TDF)
Oil and natural gas revenue (\$)	38.29	49.46	40.63	22.63
Export tax (\$)	(1.91)	–	(1.91)	(0.74)
Royalties and turnover tax (\$)	(6.42)	(7.72)	(6.69)	(3.78)
Operating costs (\$)	(12.03)	(33.48)	(16.54)	(14.09)
<b>Operating netback <sup>(1)</sup> (\$)</b>	<b>17.93</b>	<b>8.26</b>	<b>15.49</b>	<b>4.02</b>

<sup>(1)</sup> "Operating netback" is a non-IFRS measure. See "Non-IFRS Measures" in the "Advisory" section of this press release.

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## About Crown Point

Crown Point Energy Inc. is an international oil and gas exploration and development company headquartered in Calgary, Canada, incorporated in Canada, trading on the TSX Venture Exchange and operating in Argentina. Crown Point's exploration and development activities are focused in three producing basins in Argentina, the Austral basin in the province of Tierra del Fuego, and the Neuquén and Cuyo basins in the province of Mendoza. Crown Point has a strategy that focuses on establishing a portfolio of producing properties, plus production enhancement and exploration opportunities to provide a basis for future growth.

### Advisory

**Non-IFRS Measures:** Non-IFRS measures do not have any standardized meanings prescribed by IFRS and may not be comparable with the calculation of similar measures used by other entities. Non-IFRS measures should not be considered alternatives to, or more meaningful than, measures determined in accordance with IFRS as indicators of the Company's performance.

This press release contains the terms "funds flow from (used by) operating activities" and "funds flow per share – operating activities" which should not be considered alternatives to, or more meaningful than, net cash provided (used) by operating activities and net cash per share – operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Management uses funds flow from (used by) operating activities to analyze operating performance and considers funds flow from (used by) operating activities to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investment. Funds flow per share – operating activities is calculated using the basic and diluted weighted average number of shares for the period consistent with the calculations of earnings per share. For a reconciliation of funds flow from (used by) operating activities to net cash provided (used) by operating activities, which is the most directly comparable measure calculated in accordance with IFRS, see the Company's MD&A.

This press release also contains other industry benchmarks and terms, including "operating netbacks" (calculated on a per unit basis as oil, natural gas and NGL revenues less royalties and turnover tax, export tax and operating costs), which is a non-IFRS measure. See "Operating Netback" for the calculation of operating netbacks. Management believes this measure is a useful supplemental measure of the Company's profitability relative to commodity prices. Readers are cautioned, however, that operating netbacks should not be construed as an alternative to other terms such as net (loss) income as determined in accordance with IFRS as measures of performance. Crown Point's method of calculating this measure may differ from other companies, and accordingly, may not be comparable to similar measures used by other companies.

**Abbreviations and BOE Presentation:** "API" means American Petroleum Institute gravity, being an indication of the specific gravity of crude oil measured on the API gravity scale; "bbl" means barrel; "bbls" means barrels; "BOE" means barrels of oil equivalent; "km" means kilometers; "km<sup>2</sup>" means square kilometers; "m" means meters; "mm" means millimeters; "mcf" means thousand cubic feet; "mmcf" means million cubic feet; "NGL" means natural gas liquids; "psi" means pounds per square inch; and "YPF" means Yacimientos Petrolíferos Fiscales S.A. All BOE conversions in this press release are derived by converting natural gas to oil in the ratio of six mcf of gas to one bbl of oil. BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six mcf of gas to one bbl of oil (6 mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the price of crude oil as compared to natural gas in Argentina from time to time may be different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

**Forward-looking Information:** This document contains forward-looking information. This information relates to future events and the Company's future performance. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information. Such information represents the Company's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this document may contain forward-looking information attributed to third party industry sources. Crown Point believes that the expectations reflected in this forward-looking information are reasonable; however, undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. This press release contains forward-looking information concerning, among other things, the following: under "Operational Update", the operations that we intend to conduct (including the wells that we intend to drill) on the TDF and CH Concessions and the CLL Exploration Permit during Q4 2021 and fiscal 2022; under "Outlook", our estimated capital spending for Q4 2021 and fiscal 2022, in each case in total and in each area and the operational activities at TDF, CH and CLL that we expect to complete during Q4 2021 and fiscal 2022; under "About Crown Point", all elements of the Company's business strategy and focus. The reader is cautioned that such information, although considered reasonable by the Company, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided in this document as a result of numerous known and unknown risks and uncertainties and other factors. A number of risks and other factors could cause actual results to differ materially from those expressed in the forward-looking information contained in this document including, but not limited to, the following: the risks and other factors described under "Business Risks and Uncertainties" in our MD&A for the three and nine months ended September 30, 2021 and under "Risk Factors" in the Company's most recently filed Annual Information Form, which is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, note that information relating to reserves and resources is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be economically produced in the future. With respect to forward-looking information contained in this document, the Company has made assumptions regarding, among other things: the impact (and the duration thereof) that the COVID-19 (coronavirus) pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) our supply chain, including our ability to obtain the equipment and services we require, (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas, and (iv) the ability of our customers, joint venture partners and other contractual counterparties to comply with their contractual obligations to us; the ability and willingness of OPEC+ nations, Russia and other major producers of crude oil to reduce or maintain crude oil production levels and thereby maintain or increase global crude oil prices; that Roch S.A.'s voluntary reorganization filing will not have an adverse impact on its ability to operate the TDF concessions, and therefore will not have an adverse impact on the TDF UTE, the TDF concessions and/or the Company; matters relating to the recently completed Chañares Herrados acquisition, including the amount and timing of capital expenditures thereon, production rates therefrom, revenues to be derived therefrom and the ability of the joint venture to reduce operating costs; the impact of inflation rates in Argentina and the devaluation of the Argentine peso against the USD on the Company; the impact of increasing competition; the general stability of the economic and political environment in which the Company operates, including operating under a consistent regulatory and legal framework in Argentina; future oil, natural gas and NGL prices (including the effects of governmental incentive programs and government price controls thereon); the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the costs of obtaining equipment and personnel to complete the Company's capital expenditure program; the ability of the operators of the projects which the Company has an interest in



*to operate the fields in a safe, efficient and effective manner; that the Company will not pay dividends for the foreseeable future; the ability of the Company to obtain financing on acceptable terms when and if needed; the ability of the Company to service its debt repayments when required; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration activities; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in Argentina; and the ability of the Company to successfully market its oil and natural gas products. Management of Crown Point has included the above summary of assumptions and risks related to forward-looking information included in this document in order to provide investors with a more complete perspective on the Company's future operations. Readers are cautioned that this information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this document are expressly qualified by this cautionary statement. The forward-looking information contained herein is made as of the date of this document and the Company disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws.*

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