

**CROWN POINT ENERGY INC.**  
**Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2024  
(Unaudited)

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

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2024.

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

(Unaudited)  
(United States Dollars)

As at	Note	September 30 2024	December 31 2023
<b>Assets</b>			
Current assets:			
Cash		\$ 283,740	\$ 191,507
Investments	3	–	2,667,792
Trade and other receivables	4	2,744,212	1,917,440
Hydrocarbon inventories		480,946	1,456,822
Prepaid expenses and other current assets	5	1,983,738	1,402,847
		5,492,636	7,636,408
Exploration and evaluation assets		14,094,575	14,103,353
Property and equipment	6	41,925,646	45,834,731
Restricted cash	9	131,588	123,653
Deferred tax asset	18	1,790,468	–
Other non-current assets	7	2,780,520	87,520
		\$ 66,215,433	\$ 67,785,665
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Trade and other payables	10	\$ 5,564,137	\$ 5,768,105
Bank debt	8	6,918,248	508,114
Current portion of notes payable	9	22,061,186	12,298,533
Current portion of decommissioning provision	11	365,112	360,546
Current portion of lease liabilities	12	256,857	487,044
		35,165,540	19,422,342
Non-current trade and other payables	10	1,491,526	1,480,545
Notes payable	9	7,183,054	16,459,187
Decommissioning provision	11	10,264,898	10,061,672
Lease liabilities	12	318,496	378,124
Deferred tax liability	18	–	2,151,708
		54,423,514	49,953,578
Shareholders' equity:			
Share capital		56,456,328	56,456,328
Contributed surplus		691,343	691,343
Accumulated other comprehensive loss		(18,233,078)	(18,217,300)
Deficit		(27,122,674)	(21,098,284)
		11,791,919	17,832,087
		\$ 66,215,433	\$ 67,785,665
Going concern	1		
Commitments	23		
Subsequent events	24		

Approved on behalf of the Board of Directors: "Gordon Kettleson"  
Gordon Kettleson, Director

"Pablo Peralta"  
Pablo Peralta, Director

**CROWN POINT ENERGY INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS**  
**AND COMPREHENSIVE LOSS**

(Unaudited)  
(United States Dollars)

	Note	For the three months ended September 30		For the nine months ended September 30	
		2024	2023	2024	2023
<b>Revenue</b>					
Oil and natural gas sales	15	\$ 5,560,809	\$ 7,400,992	\$ 17,246,209	\$ 21,235,332
Processing income		84,491	64,507	244,556	191,658
Export tax		(76,514)	(139,494)	(309,309)	(377,964)
Royalties and turnover tax		(999,926)	(1,299,685)	(3,045,017)	(3,557,850)
		4,568,860	6,026,320	14,136,439	17,491,176
<b>Expenses</b>					
Operating		4,877,196	4,793,415	14,118,773	15,048,736
General and administrative	16	851,857	605,244	2,265,586	2,048,239
Depletion and depreciation		1,555,900	1,925,601	6,167,207	5,724,323
Share-based payments	13	–	–	–	16,148
Foreign exchange gains		(76,428)	180,198	(554,168)	(630,642)
		7,208,525	7,504,458	21,997,398	22,206,804
Operating loss		(2,639,665)	(1,478,138)	(7,860,959)	(4,715,628)
Other income		–	–	133,993	–
Net finance expense	17	(850,431)	(606,838)	(2,239,600)	(3,035,410)
Loss before taxes		(3,490,096)	(2,084,976)	(9,966,566)	(7,751,038)
Tax recovery	18	1,426,124	57,339	3,942,176	1,719,489
<b>Net loss</b>		(2,063,972)	(2,027,637)	(6,024,390)	(6,031,549)
<b>Other comprehensive income (loss)</b>					
Items that may subsequently be reclassified to profit or loss					
Exchange differences on translation of Canadian parent company		16,175	(17,192)	(15,778)	10,971
<b>Total comprehensive loss</b>		\$ (2,047,797)	(2,044,829)	\$ (6,040,168)	(6,020,578)
<b>Net loss per share</b>					
Basic	14	\$ (0.03)	(0.03)	\$ (0.08)	(0.08)

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

(Unaudited)  
(United States Dollars)

For the nine months ended September 30	Note	2024	2023
<b>Share capital</b>			
72,903,038 common shares issued and outstanding			
Balance, January 1 and September 30	\$	56,456,328	\$ 56,456,328
<b>Contributed surplus</b>			
Balance, January 1		691,343	675,195
Share-based payments	13	–	16,148
Balance, September 30		691,343	691,343
<b>Accumulated other comprehensive loss</b>			
Balance, January 1		(18,217,300)	(18,260,539)
Exchange differences on translation of Canadian parent company		(15,778)	10,971
Balance, September 30		(18,233,078)	(18,249,568)
<b>Deficit</b>			
Balance, January 1		(21,098,284)	(12,970,652)
Net loss		(6,024,390)	(6,031,549)
Balance, September 30		(27,122,674)	(19,002,201)
<b>Total shareholders' equity</b>	<b>\$</b>	<b>11,791,919</b>	<b>\$ 19,895,902</b>

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

(Unaudited)  
(United States Dollars)

For the nine months ended September 30	Note	2024	2023
<b>Operating activities</b>			
Net loss		\$ (6,024,390)	\$ (6,031,549)
Items not affecting cash:			
Depletion and depreciation		6,167,207	5,724,323
Share-based payments	13	—	16,148
Net finance expense		2,061,377	3,002,912
Unrealized foreign exchange gains		(347,910)	(1,493,533)
Tax recovery	18	(3,942,176)	(1,719,489)
Funds flow used in operating activities		(2,085,892)	(501,188)
Change in non-cash working capital	19	(775,528)	2,954,759
Net cash (used in) provided by operating activities		(2,861,420)	2,453,571
<b>Financing activities</b>			
Bank debt proceeds	8	11,363,883	5,786,255
Bank debt repayments	8	(4,640,062)	(6,797,771)
Bank debt interest payments	8	(1,311,270)	(2,152,382)
Notes payable proceeds		7,064,733	7,344,886
Notes payable repayments	9	(6,281,900)	—
Notes payable interest payments	9	(882,938)	(438,396)
Restricted cash		22,983	93,793
Lease payments	12	(403,067)	(428,598)
Net cash provided by financing activities		4,932,362	3,407,787
<b>Investing activities</b>			
Exploration and evaluation expenditures		—	(10,523)
Property and equipment expenditures	6	(1,976,370)	(4,928,762)
Settlement of contingent consideration liability		—	(219,888)
Collection of contingent consideration receivable		—	86,022
Proceeds from redemption of investments	3	2,930,954	—
Acquisition advance payment	7	(2,693,000)	—
Change in non-cash working capital	19	(211,433)	(589,211)
Net cash used in investing activities		(1,949,849)	(5,662,362)
Change in cash		121,093	198,996
Foreign exchange effect on cash held in foreign currencies		(28,860)	(331,817)
Cash, January 1		191,507	536,752
<b>Cash, September 30</b>		<b>\$ 283,740</b>	<b>\$ 403,931</b>

# **CROWN POINT ENERGY INC.**

## **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2024

(Unaudited)

(United States Dollars)

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### **1. REPORTING ENTITY AND GOING CONCERN:**

Crown Point Energy Inc. ("Crown Point" or the "Company") was incorporated under the laws of British Columbia and continued under the laws of Alberta on July 27, 2012. Crown Point is based in Calgary, Alberta and is involved in the exploration for, and development and production of, petroleum and natural gas in Argentina.

The Company's registered office is Suite 2400, 525 – 8<sup>th</sup> Avenue SW, Calgary, Alberta, T2P 1G1.

As at September 30, 2024, Liminar Energía S.A. ("Liminar"), the Company's largest shareholder owned approximately 63.9% of the Company's issued and outstanding common shares. See Note 20(a).

These consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

For the three and nine months ended September 30, 2024, the Company reported a loss of \$6 million (nine months ended September 30, 2023 – \$6 million) and a working capital deficit of \$29.7 million at that date (December 31, 2023 – \$11.8 million working capital deficit). As of September 30, 2024, the carrying amount of notes payable outstanding is \$29.2 million (Note 9), of which \$22.1 million is classified as a current liability. The maturities of the Company's financial liabilities based on contractual cash flows are disclosed in Note 21. In addition, the Company has significant future capital commitments to develop its properties (Note 23).

The ability of the Company to continue as a going concern is dependent upon the Company's ability to obtain additional financing through bank debt and/or the issuance of notes payable or equity, and the generation of funds from operating activities to meet current and future obligations. Management plans to secure the necessary financing for its debt and future capital commitments through the issuance of new notes payable or other debt or equity instruments, however, there is no assurance that these initiatives will be successful. The need to obtain additional capital to repay or refinance bank debt and notes payable (Note 24) and to fund the Company's existing commitments and ongoing operations creates a material uncertainty that may cast significant doubt about the Company's ability to meet its obligations as they become due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, expenses and the statements of financial position classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

### **2. BASIS OF PRESENTATION:**

The unaudited condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and adhere to the guidance of International Accounting Standard 34 – Interim Financial Reporting. Certain information and disclosures included in the December 31, 2023 audited consolidated financial statements, prepared in accordance with IFRS Accounting Standards, have been condensed or omitted. The Company has consistently applied the same accounting policies throughout all periods presented. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2023.

The unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 11, 2024.

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

For the three and nine months ended September 30, 2024

(Unaudited)

(United States Dollars)

**3. INVESTMENTS:**

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

Balance, December 31, 2023	\$	2,667,792
Proceeds on redemption		(2,930,954)
Interest income		333,324
Change in fair value (Note 17)		(23,182)
Effect of change in exchange rates		(46,980)
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Balance, September 30, 2024	\$	–

**4. TRADE AND OTHER RECEIVABLES:**

The Company's trade and other receivables are exposed to the risk of financial loss if the counterparty fails to meet its contractual obligations. The Company's trade and other receivables include amounts due from the sale of crude oil and natural gas. The majority of the Company's oil production is exported by the Company to two international traders and sold to two Argentine companies; the majority of the Company's natural gas production is sold by the Company to several Argentine companies.

Three major purchasers that represents 96% of oil revenue reported in the nine months ended September 30, 2024 comprise \$1,863,004 of accounts receivable at September 30, 2024 (December 31, 2023 – two major purchasers, 89% of oil revenue, \$1,394,639 of accounts receivable) and one major purchaser that represents 77% of natural gas revenue reported in the nine months ended September 30, 2024 comprises \$430,761 of accounts receivable at September 30, 2024 (December 31, 2023 – two major purchasers, 75% of natural gas revenue, \$290,808 of accounts receivable) (Note 15).

The Company's maximum exposure to credit risk at September 30, 2024 and December 31, 2023 in respect of trade and other receivables consists of:

	September 30 2024	December 31 2023
Due from Argentine companies	\$ 1,676,656	\$ 1,470,396
Due from an international company	656,579	296,157
Due from related parties (Note 20(d))	430,761	290,769
Other receivables	215,206	95,157
Allowance for credit losses	(234,990)	(235,039)
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Total trade and other receivables	\$ 2,744,212	\$ 1,917,440

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

	September 30 2024	December 31 2023
Not past due (less than 90 days)	\$ 2,761,107	\$ 1,934,822
Past due (more than 90 days)	218,095	217,657
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	2,979,202	2,152,479
Allowance for credit losses	(234,990)	(235,039)
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Total trade and other receivables	\$ 2,744,212	\$ 1,917,440

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

	September 30 2024	December 31 2023
Prepaid expenses	\$ 1,545,857	\$ 1,027,441
Value Added Tax	437,881	375,406
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Total prepaid expenses and other current assets	\$ 1,983,738	\$ 1,402,847

Value Added Tax ("VAT") on purchases is applied against VAT on sales to reduce the amount paid to the Argentine Government. VAT is included in prepaid expenses when amounts are expected to be offset with VAT on current sales. VAT does not expire and may be carried forward indefinitely.

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

For the three and nine months ended September 30, 2024

(Unaudited)

(United States Dollars)

**6. PROPERTY AND EQUIPMENT:**

	<u>Argentina</u>			<u>Canada</u>	
	Development and production assets	Right-of-use assets	Other assets	Other assets	Total
<b>Cost:</b>	\$	\$	\$	\$	\$
Balance, December 31, 2023	126,133,260	1,225,613	658,466	295,192	128,312,531
Additions	1,846,299	–	130,071	–	1,976,370
Right-of-use asset revisions	–	30,941	–	–	30,941
Government grants	(50,850)	–	–	–	(50,850)
Decommissioning revisions	(115,452)	–	–	–	(115,452)
Effect of change in exchange rates	–	(16,989)	–	(5,973)	(22,962)
<b>Balance, September 30, 2024</b>	<b>127,813,257</b>	<b>1,239,565</b>	<b>788,537</b>	<b>289,219</b>	<b>130,130,578</b>
<b>Accumulated depletion and depreciation:</b>					
Balance, December 31, 2023	72,355,454	379,147	577,368	289,831	73,601,800
Depletion and depreciation	5,385,294	378,673	33,571	1,174	5,798,712
Right-of-use asset revisions	–	(63,840)	–	–	(63,840)
Effect of change in exchange rates	–	(1,884)	–	(5,856)	(7,740)
<b>Balance, September 30, 2024</b>	<b>77,740,748</b>	<b>692,096</b>	<b>610,939</b>	<b>285,149</b>	<b>79,328,932</b>
<b>Accumulated impairment:</b>					
Balance, December 31, 2023 and September 30, 2024	8,876,000	–	–	–	8,876,000
<b>Net carrying amount:</b>					
At December 31, 2023	44,901,806	846,466	81,098	5,361	45,834,731
At September 30, 2024	41,196,509	547,469	177,598	4,070	41,925,646

Government grants

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

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

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

During the nine months ended September 30, 2024, the Company received ARS 43.5 million (\$0.05 million) of Program II turnover tax and royalty credits related to investments in the CH Concession.

Future development costs

The depletion expense calculation for the nine months ended September 30, 2024, included \$75.6 million (December 31, 2023 – \$76.2 million) for estimated future development costs associated with petroleum and natural gas proved and probable reserves in Argentina.

Right-of-use asset revisions

During the nine months ending September 30, 2024, the Company renewed certain leases for which the related lease liability and right-of-use asset was determined to be \$138,667 on the renewal date. The remaining right-of-use asset net book value of the original office lease was \$43,886 with a corresponding lease liability of \$50,537 (Note 12), resulting in \$6,651 gain reported in finance income (Note 17).

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

For the three and nine months ended September 30, 2024

(Unaudited)

(United States Dollars)

**7. OTHER NON-CURRENT ASSETS**

	September 30 2024	December 31 2023
Santa Cruz Concessions acquisition advance payment (a)	\$ 2,400,000	\$ –
Tierra del Fuego Concessions acquisition advance payment (b)	293,000	–
Contingent consideration receivable	87,520	87,520
<b>Total non-current assets</b>	<b>\$ 2,780,520</b>	<b>\$ 87,520</b>

- (a) On February 1, 2024, the Company's wholly owned subsidiary, Crown Point Energía S.A. ("Crown Point Energía"), entered into an asset sale and purchase agreement (the "Acquisition Agreement") with Pan American Energy S.L., Sucursal Argentina (the "Seller") to acquire the Seller's 100% working interest in the Piedra Clavada and Koluel Kaike hydrocarbon exploitation concessions (the "Santa Cruz Concessions", and collectively, the "Acquisition"). The purchase price is comprised of \$12 million cash, subject to closing adjustments, plus contingent in-kind consideration payable throughout a 15-year period following closing. On February 7, 2024, the Company made a \$2.4 million advance payment to the Seller.

The Acquisition closed on October 31, 2024 (Note 24(c)) and the effective date of the Acquisition is January 1, 2024.

- (b) On August 12, 2024, the Company entered into a sale and purchase agreement with an arm's length party (the "Seller") to acquire the Seller's 16.9972% non-operating participating interest (the "Participating Interest Acquisition") in the Rio Cullen, Las Violetas and La Angostura hydrocarbon exploitation concessions (the "TDF Concessions") located in the Tierra del Fuego region of the Austral basin in southern Argentina. The purchase price payable by Crown Point to the Seller is \$0.7 million cash (\$0.3 million of which has been paid as a deposit), subject to customary closing adjustments, including for crude oil and natural gas inventories attributable to the participating interest on the effective date of the Acquisition, which is July 1, 2024.

Completion of the Participating Interest Acquisition is subject to, among other things, the receipt of all necessary regulatory, stock exchange and Provincial approvals, the waiver or expiration of applicable rights of first refusal ("ROFR"), and other customary closing conditions. Crown Point's partners in the TDF Concessions have ROFRs in connection with the Participating Interest Acquisition. If one or more of such partners exercises its ROFR, the Company will acquire the portion of the participating interest in respect of which the ROFR has not been exercised and the purchase price shall be adjusted accordingly.

**8. BANK DEBT:**

The Company's bank debt is not subject to covenants. A continuity of the Company's current bank debt is as follows:

Balance, December 31, 2023	\$ 508,114
Proceeds	11,363,883
Repayments	(4,640,062)
Interest accrued (Note 17)	1,428,950
Interest paid	(1,311,270)
Effect of change in exchange rates	(431,367)
<b>Balance, September 30, 2024</b>	<b>\$ 6,918,248</b>

As at September 30, 2024 and December 31, 2023, bank debt was comprised of the following balances:

	September 30 2024	December 31 2023
Banco Hipotecario S.A. (a)	\$ 1,000,412	\$ –
Banco Galicia S.A.U. (b)	361,505	67,019
Banco de la Nación (c)	1,443,718	441,095
HSBC Bank Argentina S.A. (e)	206,815	–
Banco CMF S.A. (f)	206,270	–
Banco Macro S.A. (g)	2,510,000	–
Banco Ciudad (h)	574,487	–
Related party loan (i)	615,041	–
	<b>\$ 6,918,248</b>	<b>\$ 508,114</b>

- (a) Banco Hipotecario S.A.

The Company has an overdraft loan agreement with Banco Hipotecario S.A. for up to ARS 1,600 million (\$1.75 million) available until August 7, 2024, with a variable interest rate determined monthly. The overdraft loan agreement was renewed until November 15, 2024, for a reduced amount of ARS 500 million (\$0.5 million). The overdraft loan is guaranteed by Grupo ST S.A. under an agreement with Banco Hipotecario S.A. pursuant to which the Company is charged a loan guarantee fee of 1% of the loan balance per annum (Note 20(c)).

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

For the three and nine months ended September 30, 2024

(Unaudited)

(United States Dollars)

As at September 30, 2024, \$nil (December 31, 2023 – \$nil) was drawn on the overdraft loan.

On September 25, 2024, the Company obtained a working capital loan of \$ 1 million with Banco Hipotecario S.A. at an annual interest rate of 3% payable monthly. The working capital loan is repayable on November 24, 2024.

During the nine months ended September 30, 2024, the Company recognized \$565,466 (nine months ended September 30, 2023 – \$1,245,222) of interest on the Banco Hipotecario S.A. overdraft loan, of which \$565,036 was paid and \$411 is included in the loan balance as at September 30, 2024 (December 31, 2023 – \$nil).

(b) Banco Galicia S.A.U.

The Company obtained the following working capital loans with Banco Galicia S.A.U

Date of loan	Loan amount (millions)	Annual interest rate <sup>(1)</sup>	Repayment date
October 5, 2023	ARS 50 (\$0.20)	115%	April 5, 2024
March 26, 2024	ARS 50 (\$0.06)	102%	September 26, 2024
April 8, 2024	ARS 50 (\$0.06)	90%	October 8, 2024
July 24, 2024	ARS 43 (\$0.05)	61%	January 30, 2025
September 27, 2024	ARS 50 (\$0.05)	46%	October 13, 2025 <sup>(2)</sup>

<sup>(1)</sup> Payable monthly

<sup>(2)</sup> Repayable monthly based on the French amortization system, with the final installment due on October 13, 2025.

The Company has an overdraft loan agreement available until December 2024 of up to ARS 200 million (\$0.2 million) with Banco Galicia S.A.U. at variable interest rate which is determined monthly.

As at September 30, 2024, a total of ARS 342 million (\$0.35 million) (December 31, 2023 – ARS 50 million (\$0.1 million)) was drawn on the Banco Galicia S.A.U. working capital loans and overdraft loans.

During the nine months ended September 30, 2024, the Company recognized \$103,449 (nine months ended September 30, 2023 – \$113,614) of interest on Banco Galicia S.A.U. loans, of which \$99,479 was paid and \$9,142 is included in the loan balance as at September 30, 2024 (December 31, 2023 – \$5,173).

(c) Banco de la Nación (“BNA”)

As at September 30, 2024, the Company has a credit limit of ARS 1.400 million (\$1.4 million) available which can be drawn and repaid in various amounts. The terms for each amount drawn as at September 30, 2024 and December 31, 2023 are as follows:

	Date of loan	Loan amount (millions)	Annual interest rate <sup>(1)</sup>	Repayment terms	Maturity date
Working Capital Loan III	March 16, 2023	ARS 27.5 (\$0.13)	BADLAR + 10% <sup>(2)</sup>	Four equal installments	March 11, 2024
Working Capital Loan IV	March 28, 2023	ARS 13.75 (\$0.07)	BADLAR + 10% <sup>(2)</sup>	Four equal installments	March 19, 2024
Working Capital Loan V	June 27, 2023	ARS 51.5 (\$0.20)	BADLAR + 10% <sup>(2)</sup>	Four equal installments	June 24, 2024
Working Capital Loan VI	October 3, 2023	ARS 87 (\$0.25)	BADLAR + 10% <sup>(2)</sup>	Four equal installments	September 30, 2024
Working Capital Loan VII	February 5, 2024	ARS 288 (\$0.34)	BADLAR – 5% <sup>(3)</sup>	At maturity	May 7, 2024
Working Capital Loan VIII	June 27, 2024	ARS 150 (\$0.16)	BADLAR <sup>(2)</sup>	Four equal installments	June 23, 2025
Working Capital Loan IX	July 24, 2024	ARS 638 (\$0.69)	BADLAR – 1% <sup>(3)</sup>	At maturity	January 20, 2025
Working Capital Loan X	August 13, 2024	ARS 395 (\$0.42)	BADLAR – 1% <sup>(3)</sup>	At maturity	February 9, 2025
Export Financing Loan I	December 4, 2023	ARS 187.5 (\$0.50)	139.25% <sup>(3)</sup>	At maturity	January 23, 2024
Export Financing Loan II	February 14, 2024	ARS 127.2 (\$0.15)	BADLAR – 1% <sup>(3)</sup>	At maturity	April 19, 2024
Export Financing Loan III	February 14, 2024	ARS 137.9 (\$0.17)	BADLAR – 1% <sup>(3)</sup>	At maturity	June 26, 2024
Export Financing Loan IV	May 8, 2024	ARS 195 (\$0.22)	BADLAR – 7% <sup>(3)</sup>	Two equal installments	November 7, 2024
Overdraft Loan		ARS 95 (\$0.10)	Variable <sup>(4)</sup>	Available until maturity	February 28, 2025

<sup>(1)</sup> As at September 30, 2024, the BADLAR rate was 39.75% (December 31, 2023 – 109.75%).

<sup>(2)</sup> Calculated and payable quarterly.

# CROWN POINT ENERGY INC.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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<sup>(3)</sup> Calculated monthly and payable at maturity.

<sup>(4)</sup> Determined and payable monthly.

As at September 30, 2024, a total of ARS 1.373 million (\$1.37 million) was drawn on the BNA working capital loans, export financing loans and overdraft loans (December 31, 2023 – ARS 310.6 million (\$0.38 million)).

During the nine months ended September 30, 2024, the Company recognized \$385,722 (nine months ended September 30, 2023 – \$177,133) of interest on the BNA loans, of which \$371,868 (nine months ended September 30, 2023 – \$193,041) of interest was paid and \$70,803 is included in the loan balance as at September 30, 2024 (December 31, 2023 – \$56,950).

(d) Banco de Servicios y Transacciones S.A. (“BST”)

On April 26, 2024, the Company obtained an ARS 1,700 million (\$1.95 million) overdraft loan with Banco de Servicios y Transacciones S.A. at variable interest rate which is determined monthly. As at September 30, 2024 the amount drawn on the overdraft balance was \$ nil.

During the nine months ended September 30, 2024, the Company recognized \$212,910 of interest on the BST overdraft loan, all of which was paid.

(e) HSBC Bank Argentina S.A.

On May 7, 2024, the Company obtained an ARS 200 million (\$0.2 million) overdraft loan with HSBC Bank Argentina S.A. at variable interest rate which is determined monthly. As at September 30, 2024 the amount drawn on the overdraft balance was ARS 206.8 million (\$ 0.21 million) and bears an annual interest rate of 53%.

During the nine months ended September 30, 2024, the Company recognized \$41,386 of interest on the HSBC Bank Argentina S.A. overdraft loan, all of which was paid.

(f) Banco CMF S.A.

During June 2024 the Company obtained an ARS 200 million (\$ 0.2 million) overdraft loan with Banco CMF S.A. at a variable interest rate which is determined monthly. As at September 30, 2024 the amount drawn on the overdraft balance was ARS 206.3 million (\$ 0.21 million) and bears an annual interest rate of 54.75%.

During the nine months ended September 30, 2024, the Company recognized \$20,591 of interest on the Banco CMF overdraft loan, all of which was paid.

(g) Banco Macro S.A.

On May 8, 2024, the Company obtained a \$2.5 million working capital loan with Banco Macro S.A. at an annual interest rate of 7.5%, repaid on November 4, 2024.

The loan is guaranteed by Grupo ST S.A under an agreement with Banco Macro S.A. pursuant to which the Company is charged a loan guarantee fee of 1% of the loan (Note 20 (c)).

During the nine months ended September 30, 2024, the Company recognized \$74,487 of interest on the Banco Macro working capital loan, all of which is included in the loan balance as at September 30, 2024.

(h) Banco Ciudad

On May 7, 2024, the Company obtained a \$0.5 million working capital loan with Banco Ciudad S.A. at an annual interest rate of 5%, repaid on November 1, 2024.

The loan is guaranteed by Grupo ST S.A under an agreement with Banco Ciudad pursuant to which the Company is charged a loan guarantee fee of 1% of the loan (Note 20 (c)).

During the nine months ended September 30, 2024, the Company recognized \$10,000 of interest on the Banco Ciudad working capital loan, all of which is included in the loan balance as at September 30, 2024.

(i) Related party loan

On May 31, 2024, the Company obtained a loan for an amount of \$600,000 from Mr. Pablo Peralta, which accrues interest at an annual rate of 7.5%, repayable on August 29, 2024. The loan was renewed and is repayable on November 29, 2024.

During the nine months ended September 30, 2024, the Company recognized \$15,041 of interest on the loan, all of which is included in the loan balance as at September 30, 2024 (Note 20(b)).

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**9. NOTES PAYABLE:**

On March 25, 2021, Crown Point Energía 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 at September 30, 2024, the Company had an outstanding principal amount of \$8.37 million in Series III Notes (December 31, 2023 – \$14.65 million), \$13.48 million in Series IV Notes (December 31, 2023 – \$13.48 million) and \$7.18 million in Series V Notes (December 31, 2023 – \$nil) issued by Crown Point Energía.

The Series III Notes are secured, 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 equal quarterly 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.

The Series IV Notes are unsecured, denominated in USD and repayable in ARS in four quarterly equal installments, starting on October 20, 2024 and ending on July 20, 2025. The Series IV Notes accrue interest at a fixed rate of 5% per annum, payable every three months in arrears from the issue date. A portion of Series IV Notes were issued at a \$0.74 million premium over the principal amount which has been recognized as a premium liability and is amortized to finance income over the term of related Series IV Notes using the effective interest method.

On August 8, 2024, the Company issued Series V unsecured fixed-rate notes ("Series V Notes") denominated in USD and payable in ARS for an amount of \$7.18 million, equivalent to ARS 6,721.7 million. The principal amount will be repaid in a single installment on February 8, 2026. Series V Notes accrue interest at a fixed rate of 8% per annum, payable every three months in arrears from the issue date.

During 2024, the Company paid \$6.3 million principal amount of the Series III Notes payables.

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

Balance, December 31, 2023	\$	28,757,720
Issue of Series V Notes for cash consideration		7,183,058
Principal repayment		(6,281,900)
Transaction costs		(118,325)
Amortization of premium (Note 17)		(492,994)
Amortization of transaction costs (Note 17)		148,350
Interest accrued (Note 17)		931,269
Interest paid		(882,938)
<b>Balance, September 30, 2024</b>	<b>\$</b>	<b>29,244,240</b>

The carrying amount of notes payable is reported as follows:

	September 30 2024	December 31 2023
Total notes payable	\$ 29,244,240	\$ 28,757,720
Current portion of notes payable	(22,061,186)	(12,298,533)
<b>Long-term portion of notes payable</b>	<b>\$ 7,183,054</b>	<b>\$ 16,459,187</b>

Restricted cash

As at September 30, 2024, \$131,588 (ARS 127.3 million) (December 31, 2023 – \$123,653 (ARS 99.6 million)) was reported as restricted cash. The restricted cash is assigned as collateral for the 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. The trust account funds are invested as prescribed by the related escrow agreement; these funds are restricted and cannot be used by the Company other than for the purpose stated in the escrow agreement. The amount of funds held in trust is based on the Company's estimate of the next upcoming quarterly interest payment. The trust account is required to be in place until the maturity date of the notes payable.

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**10. TRADE AND OTHER PAYABLES**

	September 30 2024	December 31 2023
Trade payables	\$ 3,337,351	\$ 3,366,945
Accruals	1,561,842	1,913,955
Other payables	664,944	487,205
Current trade and other payables	5,564,137	5,768,105
Accruals	302,696	291,715
Contingent consideration liability	1,188,830	1,188,830
Non-current trade and other payables	1,491,526	1,480,545
Total trade and other payables	\$ 7,055,663	\$ 7,248,650

**11. DECOMMISSIONING PROVISION:**

As at September 30, 2024, the estimated total undiscounted inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately \$16.9 million (December 31, 2023 – \$17.1 million) expected to be incurred over the next 1 to 22 years. Risk-free interest rates of 3.51% to 4.32% (December 31, 2023 – 4.19% to 4.32%) and an inflation rate of 2.49% (December 31, 2023 – 2.7%) was used to calculate the fair value of the decommissioning provision.

A reconciliation of the decommissioning provision is provided below:

Balance, December 31, 2023	\$ 10,422,218
Revisions	(124,228)
Accretion (Note 17)	332,020
Balance, September 30, 2024	10,630,010
Current portion of decommissioning provision	(365,112)
Non-current portion of decommissioning provision	\$ 10,264,898

**12. LEASE LIABILITIES:**

The Company incurs lease payments related to certain office premises and equipment in Argentina. Leases are entered into and exited in coordination with specific business requirements which includes the assessment of the appropriate durations for the related leased assets.

Balance, December 31, 2023	\$ 865,168
Additions (Note 6)	88,130
Interest (Note 17)	41,252
Payments	(403,067)
Effect of change in exchange rates	(16,130)
Balance, September 30, 2024	575,353
Current portion of lease liability	(256,857)
Non-current portion of lease liability	\$ 318,496

Total expected payments under lease agreements for office and equipment are \$45,095 per month (\$541,140 per year) until December 31, 2026.

**13. SHARE-BASED PAYMENTS:**

As at September 30, 2024 the Company had 1,825,000 (December 31, 2023 – 3,650,000) stock options outstanding, all of which are exercisable. Stock options outstanding at September 30, 2024 are exercisable at CAD \$0.20 per share and expire on May 31, 2026.

During the three and nine months ended September 30, 2024, the Company recognized \$nil (three and nine months ended September 30, 2023 – \$6,554 and \$16,148) of share-based payment expense. As at September 30, 2024, the balance of unvested share-based payments was \$nil.

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**14. PER SHARE AMOUNTS:**

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net loss for the period	\$ (2,063,972)	\$ (2,027,637)	\$ (6,024,390)	\$ (6,031,549)
Weighted average number of shares – basic:				
Issued common shares, beginning and end of period	72,903,038	72,903,038	72,903,038	72,903,038
Net loss per share – basic	\$ (0.03)	\$ (0.03)	\$ (0.08)	\$ (0.08)

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

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

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Oil	\$ 4,135,151	\$ 5,410,358	\$ 13,574,156	\$ 16,217,489
Natural gas liquids	47,598	42,484	147,922	175,375
Natural gas	1,378,060	1,948,150	3,524,131	4,842,468
	\$ 5,560,809	\$ 7,400,992	\$ 17,246,209	\$ 21,235,332

All of the Company's production is produced in Argentina. The Company sells its production pursuant to fixed and variable price contracts with varying length terms up to 1 year. Under the contracts, the Company is required to deliver a fixed or variable volume of light oil, natural gas or natural gas liquids to the contract counterparty. The transaction price is based on the commodity price, adjusted for quality, location or other factors. Pricing for contracts varies depending on the commodity.

- The transaction price for oil is determined for each shipment from the storage point at TDF to mainland Argentina or abroad and for each transaction from the storage point at the Mendoza Concessions to the delivery point in Tupungato, Mendoza. For oil transported by tanker, delivery charges are free on board; for oil transported by truck, delivery charges are paid by the Company.
- Natural gas may be sold to both the Argentine industrial and residential markets. 100% of the Company's natural gas revenue earned in the 2024 and 2023 periods was from sales to the industrial market. The transaction price for natural gas sales to the industrial market is negotiated between the TDF UTE (of which the Company is a member) and the customer. The transaction price for natural gas sales to the residential market is set by the Argentine government.

Of the Company's revenue from oil sales earned in the three and nine months ended September 30, 2024, 27% and 32%, respectively, was for export sales to three purchasers and 73% and 68%, respectively, was for domestic sales to two purchasers (three and nine months ended September 30, 2023 – 37% and 35%, respectively, was for export sales to three and two purchasers; 63% and 65% was for domestic sales to two purchasers, respectively) and \$1,863,004 was in accounts receivable at September 30, 2024 (December 31, 2023 – \$1,394,639).

All of the Company's revenue from natural gas sales earned in the three and nine months ended September 30, 2024 was for domestic sales, of which 77% was to one major purchaser (three and nine months ended September 30, 2023 – domestic sales of which 45% was to three major purchasers), of which \$430,761 was in accounts receivable at September 30, 2024 (December 31, 2023 – \$290,808).

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Export	\$ 1,106,865	\$ 1,986,858	\$ 4,325,699	\$ 5,681,438
Domestic	4,453,944	5,414,134	12,920,510	15,553,894
	\$ 5,560,809	\$ 7,400,992	\$ 17,246,209	\$ 21,235,332

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**16. GENERAL AND ADMINISTRATIVE EXPENSES:**

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Salaries and benefits	\$ 472,994	\$ 375,178	\$ 1,126,938	\$ 1,178,907
Professional fees	243,298	158,743	730,339	493,135
Office and general	110,983	57,145	349,269	328,285
Travel and promotion	24,582	14,178	59,040	47,912
	\$ 851,857	\$ 605,244	\$ 2,265,586	\$ 2,048,239

**17. NET FINANCE EXPENSE:**

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Interest income	\$ 62,796	\$ 327,021	\$ 500,044	\$ 461,959
Gain on fair value of financial instruments	50,942	—	144,005	—
Gain on revision of lease liabilities (Note 6)	—	—	34,979	—
Gain on foreign exchange rate contract	—	—	6,651	—
Amortization of notes payable premium (Note 9)	128,870	—	492,994	—
Finance income	242,608	327,021	1,178,673	461,959
Financing fees and bank charges	(82,936)	(201,864)	(468,779)	(494,457)
Loss on fair value of investments (Note 3)	—	—	(23,182)	—
Interest on bank debt (Note 8)	(447,872)	(341,894)	(1,428,950)	(2,024,168)
Interest on notes payable (Note 9)	(347,087)	(222,498)	(931,269)	(513,156)
Amortization of notes payable transaction costs (Note 9)	(57,883)	(34,207)	(148,350)	(72,043)
Accretion of decommissioning provision (Note 11)	(112,647)	(111,787)	(332,020)	(318,166)
Interest on lease liabilities (Note 12)	(12,006)	(21,276)	(41,252)	(70,492)
Accretion of other liabilities	(32,608)	(333)	(44,471)	(4,887)
Finance expense	(1,093,039)	(933,859)	(3,418,273)	(3,497,369)
	\$ (850,431)	\$ (606,838)	\$ (2,239,600)	\$ (3,035,410)

**18. TAXES:**

As at September 30, 2024, the Company's deferred tax asset was \$1,790,468 (December 31, 2023 – \$2,151,708 deferred tax liability).

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Current tax	\$ —	\$ —	\$ —	\$ —
Deferred tax recovery	1,426,124	57,339	3,942,176	1,719,489
Tax recovery	\$ 1,426,124	\$ 57,339	\$ 3,942,176	\$ 1,719,489

Crown Point Energía 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 three and nine months ended September 30, 2024 and 2023 is mainly related to the increase in tax losses combined with changes in the Company's ARS denominated tax pools partially offset by the effect of the devaluation of the ARS during the period on the translation of ARS denominated tax pools to USD.

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**19. SUPPLEMENTAL CASH FLOW INFORMATION:**

(a) Change in non-cash working capital items

For the nine months ended September 30	2024	2023
Trade and other receivables	\$ (826,772)	\$ 414,742
Inventory	607,381	124,686
Prepaid expenses and other current assets	(530,041)	1,502,796
Trade and other payables	(237,529)	357,560
Taxes payable	–	(34,236)
	<u>\$ (986,961)</u>	<u>\$ 2,365,548</u>
Attributable to:		
Operating activities	(775,528)	2,954,759
Investing activities	(211,433)	(589,211)
	<u>\$ (986,961)</u>	<u>\$ 2,365,548</u>

(b) As at September 30, 2024, the Company held \$283,740 (December 31, 2023 – \$191,509) of cash in Canadian, United States and Argentine banks.

(c) During the nine months ended September 30, 2024, the Company paid \$1,311,270 (nine months ended September 30, 2023 – \$2,152,382) of interest expense on bank debt (Note 8) and \$882,938 (nine months ended September 30, 2023 – \$438,396) on notes payable (Note 9).

(d) During the nine months ended September 30, 2024, the Company paid \$nil to Argentine tax authorities related to corporate income tax (nine months ended September 30, 2023 – \$22,748 (ARS 5.5 million)).

**20. RELATED PARTY TRANSACTIONS:**

(a) Liminar Energía S.A. (“Liminar”)

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 and is a director of Liminar and controls 45% of the voting shares of Liminar. Liminar owns approximately 63.9% of the Company’s outstanding common shares.

(b) Mr. Pablo Peralta

During the three and nine months ended September 30, 2024, the Company was charged \$11,342 and \$15,041, respectively, of loan interest by Mr. Pablo Peralta (Note 8 (i)).

(c) 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., Banco Macro S.A. and Banco Ciudad S.A. loans (Note 8(a), (g) and (h), respectively) for which the Company is charged loan guarantee fees. During the three and nine months ended September 30, 2024, Grupo ST S.A. charged the Company \$37,274 and \$71,857 (three and nine months ended September 30, 2023 – \$3,021 and \$27,671), respectively, of loan guarantee fees. Included in trade and other payables as at September 30, 2024 is \$3,300 (December 31, 2023 – \$141) payable to Grupo ST S.A.

(d) 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..

During the three and nine months ended September 30, 2023, the Company was charged \$5,245 in loan guarantee fees.

(e) Energía y Soluciones S.A.

Gabriel Obrador is the President, Chief Executive Officer and a director of the Company and also controls Energía y Soluciones S.A.. During the three and nine months ended September 30, 2024, the Company sold a portion of natural gas production from the TDF Concessions to Energía y Soluciones S.A. for which the Company recognized \$1,046,042 (ARS 998.4 million) and \$2,708,891 (ARS 2,456.4 million) (three and nine months ended September 30, 2023 – \$1,574,413 (ARS 519 million) and \$2,834,861 (ARS 819.8 million)), respectively, of oil and gas revenue. Included in trade and other receivables as at September 30, 2024 is \$430,761 (ARS 416.8 million) (December 31, 2023 – \$290,769 (ARS 234 million)) in respect of this revenue.

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Energía y Soluciones S.A. owns a 1.46% overriding royalty on revenue earned from the CLL Permit. As of September 30, 2024, no revenue has been earned from the CLL Permit.

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

**21. LIQUIDITY RISK:**

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

As at September 30, 2024, the Company has a working capital deficit of \$29,672,904 (December 31, 2023 – \$11,785,934) which includes \$3,027,952 (December 31, 2023 – \$4,776,739) of financial assets comprised of cash, investments and trade and other receivables and \$34,800,428 (December 31, 2023 – \$19,061,796) of financial liabilities comprised of trade and other payables, bank debt, current portion of notes payable and current portion of lease liabilities with contractual maturities of less than one year. During the nine months ended September 30, 2024, the Company reported \$2,861,420 of net cash used in operating activities (nine months ended September 30, 2023 – \$2,453,571 of net cash provided by operating activities). See Note 1.

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

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

	Carrying amount \$	Contractual amount \$	Due on or before September 30			
			2025 \$	2026 \$	2027 \$	2028 - 2029 \$
Trade and other payables	7,055,663	7,055,663	5,564,137	8,569	307,111	1,175,846
Bank debt	6,918,248	6,918,248	6,918,248	–	–	–
Notes payable	29,244,240	29,030,528	21,847,470	7,183,058	–	–
Lease liabilities	575,353	605,420	304,749	238,781	61,890	–
	43,793,504	43,609,859	34,634,604	7,430,408	369,001	1,175,846

**22. FOREIGN CURRENCY EXCHANGE RATE RISK:**

A substantial portion of the Company's exploration and development activities are conducted in foreign jurisdictions and a portion of the Company's cash is denominated in CAD and ARS. The Company had no foreign exchange rate contracts in place at September 30, 2024 and December 31, 2023.

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

As at September 30, 2024	Balance denominated in		Total USD equivalents \$
	CAD \$	ARS \$	
Cash and cash equivalents	7,019	243,428,866	256,808
Restricted cash	–	127,310,932	131,588
Trade and other receivables	2,457	250,520,969	260,756
Trade and other payables	(380,326)	(2,491,566,254)	(2,849,047)
Bank debt	–	(2,152,870,312)	(2,218,310)
Lease liabilities	–	(113,092,640)	(116,530)

As at December 31, 2023	Balance denominated in		Total USD equivalents \$
	CAD \$	ARS \$	
Cash and cash equivalents	10,051	137,736,260	178,607
Investments	–	1,448,772,721	1,798,712
Restricted cash	–	99,596,309	123,653
Trade and other receivables	4,667	84,800,904	108,812
Trade and other payables	(813,571)	(1,756,818,086)	(2,788,212)
Bank debt	–	(410,784,730)	(508,114)
Lease liabilities	–	(3,145,725)	(3,981)

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(b) Currency devaluation:

Exchange rates as at	September 30 2024	December 31 2023
CAD to USD <sup>(1)</sup>	0.7408	0.7561
ARS to USD <sup>(1)</sup>	0.0010	0.0012
USD to ARS <sup>(2)</sup>	969.00	806.95

<sup>(1)</sup> Source OFX <sup>(2)</sup> Source BNA (National Bank of Argentina)

Currency devaluation in Argentina partially impacts the cost of ARS denominated items which are translated to the USD functional currency of the Argentine subsidiaries. A portion of the TDF and Mendoza Concessions operating costs and general and administrative expenses incurred in Argentina are denominated in ARS and are also subject to inflation adjustments. During the nine months ended September 30, 2024, the devaluation of ARS resulted in lower TDF and Mendoza Concessions operating costs and general and administrative expenses incurred in Argentina by approximately 10% (nine months ended September 30, 2023 – devaluation of ARS; lower by approximately 26%), without considering cost increases related to inflation.

During the nine months ended September 30, 2024, the devaluation of ARS since the previous year end date resulted in a decrease in the USD equivalent of ARS denominated foreign currency denominated financial instruments, excluding bank debt and notes payable, by approximately \$0.2 million (nine months ended September 30, 2023 – devaluation of ARS; reduction by approximately \$2.1 million).

The effect of currency devaluation on ARS denominated bank debt during the nine months ended September 30, 2024 was a \$431,367 reduction (nine months ended September 30, 2023 – \$1,834,425 reduction) in the USD equivalent amounts (Note 8).

(c) Sensitivity analysis:

The following table presents an estimate of the impact on net loss for the market risk factors discussed above and is calculated based on the noted change in exchange rates applied to balances as at September 30, 2024:

	Change in exchange rates	Impact
Foreign exchange – effect of strengthening USD		
CAD denominated financial assets and liabilities	5%	\$ 13,740
ARS denominated financial assets and liabilities	50%	\$ 2,134,300

**23. COMMITMENTS:**

(a) TDF Concessions

As at September 30, 2024, 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. The UTE RCLV expects to offset the outstanding commitment in the Rio Cullen exploitation concession with infrastructure investments made in other parts of the TDF Concessions.

(b) Mendoza Concessions

As at September 30, 2024, the Company's share of expenditure commitments with respect to the CH Concession is \$29.1 million, consisting of a work program for well work-overs, infrastructure optimization and a multi-well drilling program to be fulfilled by March 2031.

As at September 30, 2024, the Company's share of expenditure commitments with respect to the PPCO Concession is \$11.7 million, consisting of a work program for well work-overs, infrastructure optimization and a multi-well drilling program to be fulfilled by August 2028.

(c) CLL Permit

As at September 30, 2024, 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 estimated at \$0.5 million, consisting of a well repair, with working units performed by the Company in excess of what was otherwise required during the exploration period of the CLL Permit.

**24. SUBSEQUENT EVENTS:**

(a) Bank debt

On October 2, 2024, the Company obtained an ARS 62 million (\$0.06 million) BNA Working Capital Loan XI, which bears a variable interest rate based on the BADLAR rate plus 1%, repayable in 180 days.

## **CROWN POINT ENERGY INC.**

### **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2024

(Unaudited)

(United States Dollars)

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On October 4, 2024, the Company obtained an ARS 600 million (\$0.6 million) BNA Working Capital Loan XII, which bears a variable interest rate based on the BADLAR rate plus 1%, repayable in 180 days.

On October 8, 2024, the Company repaid an ARS 50 million (\$0.05 million) loan from Banco Galicia (Note 8(b)).

On October 31, 2024, the Company obtained an upgrade of the overdraft loan agreement with BST (Note 8(d)) for an additional amount of ARS 5,157.4 million (\$5.1 million), bearing an annual interest rate of 54.02%, payable monthly and maturing on November 29, 2024.

On November 1, 2024, the Company repaid the loan from Banco Ciudad for an amount of \$ 0.5 million (Note 8(h)).

On November 7, 2024, the Company renewed the \$2.5 million working capital loan with Banco Macro S.A (Note 8(g)) for a 90-day term and paid the second installment of the Export Financing loan IV from Banco Nacion in the amount of ARS 97.5 million (\$0.09 million) (Note 8(c)).

#### (b) Notes payable

On October 21, 2024, the Company paid the first principal installment of Notes payables IV in the amount of \$3.4 million and the fifth interest payment on Notes payables IV in the amount of \$169,834.

On October 30, 2024, Crown Point Energia issued a total of \$22 million principal amount of secured fixed-rate Series VI Notes for cash consideration, which are denominated in USD and payable in USD. The principal amount of the Series VI Notes is repayable in three equal installments, starting on October 30, 2026 and ending on October 30, 2027. The Series VI Notes accrue interest at a fixed rate of 9.5% per annum, payable every six months in arrears from the issue date. The Series VI Notes are secured with a pledge on crude oil sales collections from the Santa Cruz Concessions (Notes 7(a) and 24(c)).

#### (c) Acquisition

On October 31, 2024, the Company completed the acquisition of a 100% operating interest in the Santa Cruz Concessions (Note 7(a)). On the closing date, the Company paid \$9.6 million in cash, which corresponds to the remaining balance of the \$12 million base consideration (a \$2.4 million advance was previously paid). Additionally, a non-cash consideration was agreed to be paid over a 15-year period from the closing date, under which the Company will deliver to the Seller a monthly quantity of oil produced in the Santa Cruz Concessions, ranging from 0 to 600 barrels of oil per day, subject to the market price of oil determined for each month.

Additionally, the Company paid in cash: i) \$11.3 million for the crude oil inventories and consumables, ii) \$5.3 million for the capitalizable investments and iii) \$4.6 million for the corresponding taxes, less the estimated net income from the Santa Cruz Concessions as of October 31, 2024, which was \$3.2 million. The total amount disbursed, on October 31, 2024, was \$27.6 million and the total amount for the Santa Cruz Concessions (including the \$2.4 million advance) was \$ 30 million, including taxes.

The purchase price was financed through the proceeds from the issuance of the Series VI Notes Payables for \$22 million, plus debt financing obtained with the backing of the Company's controlling shareholders. The amount paid is subject to the final review by the parties involved.

The acquisition will be accounted for as a business combination in accordance with IFRS 3 – Business Combinations, using the acquisition method, under which the acquired assets and assumed liabilities will be recorded at their fair values as of the acquisition date. As of the preparation of these Interim Condensed Financial Statements, Management does not have sufficient information available to estimate the fair value.