

# Crown Point Announces Operating and Financial Results for the Three Months and Year Ended December 31, 2023

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CALGARY, March 12, 2024 - TSX-V: CWV: [Crown Point Energy Inc.](#) ("Crown Point", the "Company" or "we") today announced its financial and operating results for the three months and year ended December 31, 2023.

Selected information is outlined below and should be read in conjunction with the Company's December 31, 2023 audited consolidated financial statements and management's discussion and analysis ("MD&A") that are being filed with Canadian securities regulatory authorities and will be made available under the Company's profile at [www.sedarplus.ca](http://www.sedarplus.ca) 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.

In the following discussion, the three months and the year ended December 31, 2023 may be referred to as "Q4 2023" and "2023", respectively. The comparative three months and year ended December 31, 2022 may be referred to as "Q4 2022" and "2022", respectively.

## Q4 2023 SUMMARY

During Q4 2023, the Company:

- Reported net cash provided by operating activities of \$1.3 million and funds flow provided by operating activities of \$2.1 million as compared to Q4 2022 when the Company reported \$0.2 million of net cash provided by operating activities and \$0.1 million of funds flow provided by operating activities;
- Earned \$5.5 million of oil and natural gas sales revenue on total average daily sales volumes of 1,275 BOE per day, lower than \$8.6 million of oil and natural gas sales revenue earned on total average daily sales volumes of 1,737 BOE per day in Q4 2022 due to lower gas sales volumes in TDF Concessions in Q4 2023 combined with lower oil sales in both the TDF Concessions and the Mendoza Concessions;
- Received an average of \$4.47 per mcf for natural gas and \$57.70 per bbl for oil compared to \$4.23 per mcf for natural gas and \$67.11 per bbl for oil received in Q4 2022;
- Reported an operating netback of \$9.27 per BOE<sup>1</sup>, down from \$10.29 per BOE in Q4 2022;
- Obtained and repaid \$4.2 million and \$3.6 million of working capital and overdraft loans, respectively, and issued an additional \$6 million principal amount of unsecured fixed-rate Series IV Notes for \$6.74 million cash consideration;
- Reported a loss before taxes of \$2.4 million and a net loss of \$2.1 million as compared to Q4 2022 when the Company reported a loss before taxes of \$3.9 million and a net loss of \$2.7 million;
- Reported a working capital deficit<sup>2</sup> of \$11.8 million.

## SUBSEQUENT EVENTS

Subsequent to December 31, 2023 the Company:

- Obtained three export financing loans for a total amount of \$0.63 million and repaid \$0.26 million on working capital and export financing loans.
- Repaid the first \$2.1 million installment on the Series III Notes.

- As disclosed by press release issued on February 9, 2024, the Company entered into an agreement with a seller ("Seller") to acquire a 100% working interest in the Piedra Clavada and Koluel Kaike hydrocarbon exploitation concessions ("Santa Cruz Concessions"). The purchase price is comprised of \$12 million cash, subject to closing adjustments, plus contingent in-kind consideration payable over a 15-year period from the closing date whereby the Company will deliver to the Seller a monthly quantity of oil produced from 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. On February 7, 2024, the Company made a \$2.4 million advance payment to the Seller. Completion of the acquisition is subject to the receipt of all necessary regulatory and Provincial approvals, including the approval of the TSX Venture Exchange and other customary closing conditions. The effective date of the acquisition will be January 1, 2024.

The Company's common shares have been halted by the TSXV until the Company has provided the TSXV with applicable documentation, including a reserve report in respect of the Santa Cruz Concessions that is prepared by an independent third party and complies with National Instrument 51-101. The Company is currently in the process of having the reserves report prepared, obtaining the approval of the Province of Santa Cruz, and arranging the necessary financing to fund the balance of the cash portion of the purchase price. The acquisition is expected to close in April 2024.

## OPERATIONAL UPDATE

### Tierra del Fuego Concession ("TDF" or "TDF Concessions")

- During Q4 2023, San Martin oil production averaged 424 (net 147) bbls of oil per day and natural gas production from the Las Violetas concession averaged 9,568 (net 3,323) mcf per day and oil production averaged 261 (net 91) bbls of oil per day.

### Mendoza Concessions ("Mendoza Concessions")

- During Q4 2023, several wells stopped producing due to mechanical failures. The UTE carried out workovers on ten oil wells in the Chañares Herrados concession (the "CH Concession") and on one oil well and one water disposal well the Puesto Pozo Cercado Oriental concession (the "PPCO Concession"). Oil production for Q4 2023 averaged 868 (net 434) bbls of oil per day from the CH Concession and 169 (net 85) bbls of oil per day from the PPCO Concession.

### Cerro de Los Leones Evaluation Permit ("CLL" or "CLL Permit")

- 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 of what was otherwise required during the exploration period of the CLL Permit.

## OUTLOOK

- The Company's capital spending on developed and producing assets for fiscal 2024 is budgeted at approximately \$13.4 million of which \$1.5 million is for a well workover and improvements to facilities in the TDF Concessions and \$11.9 million is for drilling three vertical wells, well workovers, and facilities improvements and optimization in the Mendoza Concessions. The Company also plans to spend \$0.5 million on the testing of the gas bearing sandstone layers of the Neuquén Group at CLL.

## SUMMARY OF FINANCIAL INFORMATION

(expressed in \$, except shares outstanding)	December 31 2023	December 31 2022
Current assets	7,636,408	9,852,182
Current liabilities	(19,422,342 )	(11,125,229 )
Working capital <sup>(1)</sup>	(11,785,934 )	(1,273,047 )
Exploration and evaluation assets	14,103,353	14,115,555
Property and equipment	45,834,731	43,963,610
Total assets	67,785,665	68,183,547

Non-current financial liabilities <sup>(1)</sup>	18,317,856	16,055,005
Share capital	56,456,328	56,456,328
Total common shares outstanding	72,903,038	72,903,038

(expressed in \$, except shares outstanding)	Three months ended		Year ended	
	December 31		December 31	
	2023	2022	2023	2022
Oil and natural gas sales revenue	5,530,896	8,586,742	26,766,228	33,040,620
Gain on acquisition of working interest	-	1,046,626	-	-
(Reversal) Impairment of property and equipment	(3,050,000 )	2,047,000	(3,050,000 )	2,047,000
Loss before taxes	(2,379,953 )	(3,908,877 )	(10,130,991 )	(6,513,789 )
Net loss	(2,096,083 )	(2,712,553 )	(8,127,632 )	(5,906,799 )
Net loss per share <sup>(2)</sup>	(0.03 )	(0.04 )	(0.11 )	(0.08 )
Net cash (used) provided by operating activities	1,339,967	170,378	3,793,538	1,334,815
Net cash per share - operating activities <sup>(1)(2)</sup>	0.02	0.00	0.05	0.02
Funds flow (used) provided by operating activities	2,109,498	146,773	1,608,310	3,022,382
Funds flow per share - operating activities <sup>(1)(2)</sup>	0.03	0.00	0.02	0.04
Weighted average number of shares - basic and diluted	72,903,038	72,903,038	72,903,038	72,903,038

We adhere to International Financial Reporting Standards ("IFRS"), however the Company also employs certain non-IFRS measures to analyze financial performance, financial position, and cash flow. Additionally, other financial measures are also used to analyze performance. These non-IFRS and other financial <sup>(1)</sup> measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other issuers. "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".

All per share figures are the same for the basic and diluted weighted average number of shares outstanding <sup>(2)</sup> in the periods. The effect of options is anti-dilutive in loss periods. Per share amounts may not add due to rounding.

## Sales Volumes

	Three months ended		Year ended	
	December 31		December 31	
	2023	2022	2023	2022
Total sales volumes (BOE)	117,252	159,777	525,115	593,540
Light oil bbls per day	840	1,181	915	1,045
NGL bbls per day	25	16	19	12
Natural gas mcf per day	2,458	3,238	3,023	3,418
Total BOE per day	1,275	1,737	1,438	1,627

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

	Three months ended		Year ended				
	December 31		December 31				
	2023	2022	2023	2022			
	Per BOE		Per BOE				
Oil and natural gas sales revenue (\$)	5,530,896	47.17	8,586,742	53.74	26,766,228	50.97	33,040,620
Export tax (\$)	(125,304 )	(1.07 )	(179,346 )	(1.85 )	(503,268 )	(0.96 )	(1,071,563 )
Royalties and turnover tax (\$)	(961,852 )	(8.20 )	(1,470,529 )	(9.20 )	(4,519,702 )	(8.61 )	(5,677,638 )

Operating costs (\$)	(3,356,776 )	(28.63 )	(5,176,715 )	(32.40 )	(18,405,512 )	(35.05 )	(16,650,447 )
Operating netback <sup>(1)</sup> (\$)	1,086,964	9.27	1,760,152	10.29	3,337,746	6.35	9,640,972

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

For inquiries please contact:

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#### About Crown Point

[Crown Point Energy Inc.](http://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 (or Cuyana) basins in the province of Mendoza. Crown Point has a strategy that focuses on establishing a portfolio of producing properties, plus production enhancement and exploration opportunities to provide a basis for future growth.

#### Advisory

*Non-IFRS and Other Financial Measures: Throughout this press release and in other materials disclosed by the Company, we employ certain measures to analyze financial performance, financial position, and cash flow. These non-IFRS and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other issuers. The non-IFRS and other financial measures should not be considered to be more meaningful than financial measures which are determined in accordance with IFRS, such as net income (loss), oil and natural gas sales revenue and net cash (used) provided 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 "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 "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 "Summary of Financial Information".*

*"Operating Netback" is a non-IFRS measure. Operating netback is comprised of oil and natural gas sales revenue less export tax, royalties and turnover tax and operating costs. Management believes this measure is a useful supplemental measure of the Company's profitability relative to commodity prices. See "Operating Netback" for a reconciliation of operating netback to oil and natural gas sales revenue, being our nearest measure prescribed by IFRS.*

*"Operating netback per BOE" is a non-IFRS ratio. Operating netback per BOE is comprised of operating netback divided by total BOE sales volumes in the period. Management believes this measure is a useful supplemental measure of the Company's profitability relative to commodity prices. In addition, management*

*believes that operating netback per BOE is a key industry performance measure of operational efficiency and provide investors with information that is also commonly presented by other crude oil and natural gas producers. Operating netback is a non-IFRS measure. See "Operating Netback" for the calculation of operating netback per BOE.*

*"Working capital" is a capital management measure. Working capital is comprised of current assets less current liabilities. Management believes that working capital is a useful measure to assess the Company's capital position and its ability to execute its existing exploration commitments and its share of any development programs. See "Summary of Financial Information" for a reconciliation of working capital to current assets and current liabilities, being our nearest measures prescribed by IFRS.*

*Abbreviations and BOE Presentation: "bbl" means barrel; "bbls" means barrels; "BOE" means barrels of oil equivalent; "km" means kilometers; "km2" means square kilometers; "m" means meters; "mm" means millimeters; "mcf" means thousand cubic feet, "mmcf" means million cubic feet, "NGL" means natural gas liquids; "UTE" means Union Transitoria de Empresas, which is a registered joint venture contract established under the laws of Argentina; "WI" means working interest; and "YPF" means Yacimientos Petrolíferos Fiscales S.A. All BOE conversions in this press release are derived by converting natural gas to oil in the ratio of six mcf of gas to one bbl of oil. BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six mcf of gas to one bbl of oil (6 mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the price of crude oil as compared to natural gas in Argentina from time to time may be different from the energy equivalency conversion ratio of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.*

*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 "Subsequent Events", our expectations regarding the terms, conditions and timing for closing the proposed acquisition of the Santa Cruz Concessions; 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 potential extension of the CLL Permit; under "Outlook", our estimated capital expenditure budgets for fiscal 2024, and the capital expenditures that we intend to make in our TDF Concessions, Mendoza Concessions and CLL Permit during such period; under "About Crown Point", all elements of the Company's business strategy and focus. In addition, note that information relating to reserves and resources is deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be economically produced in the future. The reader is cautioned that such information, although considered reasonable by the Company, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided in this document as a result of numerous known and unknown risks and uncertainties and other factors. A number of risks and other factors could cause actual results to differ materially from those expressed in the forward-looking information contained in this document including, but not limited to, the following: that the Company experiences delays building the pipeline to the Rio Cullen marine terminal or is unable to 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; that the Company is not able to meet its obligations as they become due and continue as a going concern; that the Company is unable to complete the proposed acquisition of the Santa Cruz Concessions on the terms described herein or at all, whether due to the inability of the Company to obtain financing to fund the cash portion of the purchase price, obtain requisite regulatory approvals, satisfy applicable conditions precedent, or otherwise; and the risks and other factors described under "Business Risks and Uncertainties" in our MD&A for the three months and year ended December 31, 2023 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 document, the Company has made assumptions regarding, among other things:*

*that the Company will complete the proposed acquisition of the Santa Cruz Concessions on the terms*

*described herein on a timely basis, including the ability of the Company to obtain the requisite financing to fund the cash portion of the purchase price on acceptable terms, obtain all requisite regulatory approvals and satisfy all applicable conditions precedent; the cost to build the aforementioned pipeline and the timing thereof; trucking costs; that the COVID-19 (coronavirus) pandemic (or any other pandemic or global or regional health related event) will not have a material impact on the Company and our operations going forward; 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 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 in relation to the newly elected President and Vice-President of Argentina and their administration), 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 and continue as a going concern; 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 document in order to provide investors with a more complete perspective on the Company's future operations. Readers are cautioned that this information may not be appropriate for other purposes. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this document are expressly qualified by this cautionary statement. The forward-looking information contained herein is made as of the date of this document and the Company disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws.*

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.*

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<sup>1</sup> Non-IFRS financial ratio. See "Non-IFRS and Other Financial Measures".

<sup>2</sup> Capital management measure. See "Non-IFRS and Other Financial Measures".

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