



Crown Point Announces Operating and Financial Results for the Three Months Ended March 31, 2020

CALGARY, Alberta, May 28, 2020 -- **TSX-V: CWV: Crown Point Energy Inc.** ("Crown Point", the "Company" or "we") today announced its operating and financial results for the three months ended March 31, 2020.

Copies of the Company's unaudited condensed interim consolidated financial statements and management's discussion and analysis ("MD&A") filings for the three months ended March 31, 2020 are being filed with Canadian securities regulatory authorities and will be made available under the Company's profile at www.sedar.com and on the Company's website at 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 months ended March 31, 2020 may be referred to as "Q1 2020" and the comparative three months ended March 31, 2019 may be referred to as "Q1 2019".

Q1 2020 SUMMARY

During Q1 2020, the Company:

- Reported net cash used by operating activities of \$0.5 million and funds flow from operating activities of \$0.5 million;
- Earned \$4.3 million of oil and natural gas sales revenue on average daily sales volumes of 1,714 BOE per day, down from \$12.0 million of revenue earned on average daily sales volumes of 3,470 BOE per day in Q1 2019 due to the disposition of a 16.83% participating interest in the Company's Tierra del Fuego concessions in April 2019 and delivery restrictions at the Cruz del Sur terminal;
- Received an average of \$43.83 per bbl for its oil and \$2.01 per mcf for natural gas compared to \$54.91 per bbl of oil and \$4.05 per mcf of natural gas received in Q1 2019.
- Reported an operating netback of \$5.75 per BOE, down from \$20.76 per BOE in Q1 2019 due to the drop in both oil and natural gas prices in Argentina combined with higher delivery expenses charged at the Cruz del Sur terminal and trucking costs for oil sales to Chile and overall higher per BOE operating costs due to the decrease in sales volumes;
- Recognized \$8.3 million of property and equipment impairment and \$1.7 million of goodwill impairment as a result of lower forecasted commodity prices. Impairment related to property and equipment may be reversed in future periods if there are indicators of reversal such as an improvement in commodity price forecasts; and
- Reduced the 2020 capital spending budget by an additional \$0.5 million after determining that the San Martin plant expansion was unnecessary.

Subsequent to Q1 2020, the Company:

- Repaid ARS 8.8 million (\$0.13 million) of bank debt and renewed the remaining ARS 35.2 million (\$0.54 million) at an interest rate of 30% per annum (reduced from 49% per annum), calculated and payable at maturity on August 12, 2020.

OPERATIONAL UPDATE

Tierra del Fuego Concession ("TDF") - La Angostura Concession

Oil production has been shut-in since March 24, 2020 due to the September 23, 2019 closure of the offshore loading facilities at Cruz del Sur for repairs, the March 23, 2020 announcement by Enap, the Chilean state oil company, of the suspension of all oil deliveries at its terminal located at San Gregorio, Magallanes Province, Chile due to an outbreak of COVID-19, and the subsequent closure of the Argentina-Chile border (which remains closed). The San Martin field will remain shut-in until the Company is able to access the Enap terminal and/or maintenance and repair work by YPF at Cruz del Sur have been completed, provided that the resumption of operations would also depend on it being economic to do so. Due to the uncertainty and volatility created by COVID-19, the Company is unable to predict when international borders will open or when the repair work at Cruz del Sur will be completed. For an update on operations conducted on the SM x-1001 well during Q1 2020, see our press releases issued on April 23, 2020 and March 27, 2020.

Cerro de Los Leones ("CLL") Exploration Permit

For an update on operations conducted at CLL during Q1 2020, see our press release issued on April 23, 2020.

OUTLOOK

The Company's capital spending for fiscal 2020 is budgeted at \$0.9 million in TDF based on expenditures for five well workovers and other improvements to facilities in TDF.

Investment in TDF has been significantly reduced and investment in CLL has been postponed due to a sharp decline in capital investment in Argentina as a consequence of the impact of the COVID-19 virus on both the Argentina and the global economy.

ARGENTINA – COVID-19 AND ECONOMIC SUMMARY

In response to COVID-19, the Government has closed the country's borders to non-residents. The mandatory quarantine period was extended to June 7, 2020 for Buenos Aires and its outskirts but has been relaxed elsewhere in the country. During this time, economic activity has slowed substantially and inflation rates remain high.

COVID-19 continues to have the potential to further disrupt the Company's operations, projects and financial condition through, among other things, the disruption of the local or global supply chain and transportation services, or the loss of manpower resulting from quarantines that affect the Company's labour pools in local communities or operating sites which may require the Company to temporarily reduce or shutdown its operations depending on their extent and severity. The current situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time.

On May 18, 2020, the Government signed a decree to set the price for 34°API Medanita light sweet crude oil at \$45 per bbl, establishing a benchmark for the country's other crude grades such as heavy sweet Escalante. The \$45 per bbl price will be adjusted for each type of crude oil by quality and other inputs such as loading port and local market factors. The measure, which is not retroactive and will remain in place until the end of the year, is subject to quarterly revisions as long as the Brent price does not exceed \$45 per bbl for 10 straight days.

SUMMARY OF FINANCIAL INFORMATION

(expressed in \$, except shares outstanding)	March 31 2020	December 31 2019	December 31 2018
Working capital (deficit)	1,692,977	1,831,197	(1,562,992)
Exploration and evaluation assets	11,148,166	10,920,359	9,032,994
Property and equipment	21,071,540	31,151,688	54,750,958
Non-current contingent consideration receivable	–	1,634,740	–
Total assets	41,099,119	55,638,052	85,128,625
Non-current financial liabilities	759,409	3,283,943	4,744,616
Share capital	56,456,328	56,456,328	131,745,215
Total common shares outstanding	72,903,038	72,903,038	72,903,038

(expressed in \$, except shares outstanding)	Three months ended March 31	
	2020	2019
Oil and natural gas sales revenue	4,320,239	12,012,185
Impairment of property and equipment and goodwill	9,985,549	–
(Loss) income before taxes	(10,811,643)	3,317,053
Net (loss) income	(8,676,550)	2,978,175
Net (loss) income per share ⁽¹⁾	(0.12)	0.04
Net cash (used by) from operating activities	(478,934)	6,050,373
Net cash per share – operating activities ⁽¹⁾	(0.01)	0.08
Funds flow from operating activities ⁽²⁾	489,957	3,735,080
Funds flow per share – operating activities ⁽¹⁾⁽²⁾	0.01	0.05
Weighted average number of shares	72,903,038	72,903,038

(1) All per share figures are based on the basic weighted average number of shares outstanding in the period. The effect of options is anti-dilutive. Per share amounts may not add due to rounding.

(2) "Funds flow from 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 March 31, 2020 MD&A for a reconciliation of these measures to the nearest comparable IFRS measures.

TDF Sales Volumes

	Three months ended March 31	
	2020	2019
Light oil bbls per day	844	1,612
NGL bbls per day	3	18
Natural gas mcf per day	5,202	11,036
Total BOE per day	1,714	3,470

TDF Operating Netback

	Three months ended March 31	
	2020	2019
Per BOE		
Oil and gas revenue (\$)	27.70	38.46
Export tax (\$)	(1.68)	(2.68)
Royalties (\$)	(4.11)	(5.65)
Operating costs (\$)	(16.16)	(9.37)
Operating netback ⁽¹⁾ (\$)	5.75	20.76

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

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 South America. Crown Point's exploration and development activities are focused in two of the largest producing basins in Argentina, the Austral basin in the province of Tierra del Fuego and the Neuquén basin, 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 (used by) from 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 (used by) from 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, export tax and operating costs), which is a non-IFRS measure. See "TDF Operating Netback" for the calculation of operating netback. 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; "mcf" means thousand cubic feet; "NGL" means natural gas liquids; "Q1" means the three months ended March 31; 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, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", "aim", "budget" or the negative of these terms or other comparable terminology are generally intended to identify forward-looking information. Such information represents the Company's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this 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

"Highlights", the possibility that impairments related to property and equipment may be reversed in future periods if there are indicators of reversal such as an improvement in commodity price forecasts and the maturity date of our bank debt; under "Operational Update – Tierra del Fuego Concession", the conditions that would need to change before production resumes from the San Martin field; under "Outlook", our estimated capital spending for fiscal 2020 and the operational activities that we expect to complete during fiscal 2020; under "Argentina – COVID-19 and Economic Summary", COVID-19's potential to further disrupt our operations, projects and financial condition and the ways in which that might occur and the expected terms and duration of the Argentine government's recent decree establishing price controls for crude oil in Argentina; 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 months ended March 31, 2020 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. 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, and (iii) our ability to produce, transport and/or sell our crude oil, NGLs and natural gas; the ability of OPEC+ nations and other major producers of crude oil to reduce crude oil production and thereby arrest and reverse the steep decline in world crude oil prices; when the Company will be able to resume shipments of crude oil via the offshore loading facilities at Cruz del Sur and via truck to Enap and as a result restart production at the San Martin field; 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 thereon such as the recent decree establishing price controls for crude oil in Argentina); 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 operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the continued suspension of the Company's quarterly dividend 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.

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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