



## Point Loma Resources Announces 2018 Year End Financial and Operating Results

Calgary, Alberta, April 30, 2019: Point Loma Resources Ltd. (TSX VENTURE: PLX) (the "Corporation" or "Point Loma") is pleased to report financial and operating results for the three months and year ended December 31, 2018. The results for 2018 are summarized below:

### 2018 Financial and Operating Results

	Three months ended December 31		Year ended December 31	
	2018	2017	2018	2017
<b>Financial</b> ( <i>\$ thousands, except share amounts</i> )				
Petroleum and natural gas revenue	1,165	1,114	5,721	4,821
Cash flow used in operating activities	(2,300)	(1,368)	(2,787)	(3,285)
Funds flow used in operations <sup>(1)</sup>	(2,238)	(1,566)	(3,796)	(3,080)
Per share - basic <sup>(1)</sup>	(0.03)	(0.04)	(0.06)	(0.08)
Net loss	(11,761)	(4,365)	(13,908)	(7,508)
Per share - basic <sup>(1)</sup>	(0.17)	(0.10)	(0.23)	(0.20)
Capital expenditures	3,215	2,595	4,924	6,079
Working capital deficit	4,378	371	4,378	371
Share capital				
Weighted average shares outstanding	68,708,027	43,556,180	59,924,529	37,658,693
Outstanding shares	71,509,755	52,533,452	71,509,755	52,533,452
<b>Operations</b>				
<u>Daily average production</u>				
Crude oil and liquids (bbls/d)	201	146	203	160
Natural gas (mcf/d)	3,266	2,771	3,427	2,584
Total production (boe/d at 6:1)	745	608	774	591
<u>Average sales price</u>				
Crude oil and liquids (\$/bbl)	29.60	56.15	51.68	50.76
Natural gas (\$/mcf) incl commodity gains	2.06	1.41	1.52	1.97
Equivalent (\$/boe)	17.00	19.92	20.26	22.37
<u>Netback<sup>(2)</sup></u>				
Revenues (\$/boe)	17.00	19.92	20.26	22.37
Royalties (\$/boe)	(2.50)	(2.77)	(2.39)	(3.05)
Net operating expense (\$/boe) <sup>(3)</sup>	(30.12)	(22.58)	(19.43)	(19.58)
Transportation expense (\$/boe)	(1.63)	(0.68)	(0.90)	(0.92)
<b>Netback (\$/boe)<sup>(2)</sup></b>	<b>(17.25)</b>	<b>(6.11)</b>	<b>(2.46)</b>	<b>(1.18)</b>

<sup>(1)</sup> Funds used in operations is cash flow used in operating activities less changes in non-cash working capital. See "Non-GAAP Measures" below. Per share amounts are calculated using the same number of weighted shares as net loss.

<sup>(2)</sup> Netback is determined by deducting royalties, net operating expenses and transportation expenses from petroleum and natural gas revenue. See "Non-GAAP Measures" below.

<sup>(3)</sup> Net operating expense is defined as operating expenses less processing fees. See "Non-GAAP Measures" below.

## **2018 Activity**

- Point Loma drilled and completed a horizontal discovery well at Wizard Lake in late 2018 which was tested at gross rates in excess of 300 bpd oil. This discovery led to the booking of three additional proven undeveloped locations and one probable location. The Corporation expects the discovery well to be on production in the second quarter of 2019. The Corporation has a 70% working interest at Wizard Lake. Subsequent information indicated that oil volumes as received were 55% in excess of measured rates.
- Financings in January 2018 and October 2018 raised aggregate gross proceeds of \$3.9 million.
- Closed a property acquisition in April 2018 for cash consideration in the amount of \$0.8 million.
- Acquired a private oil and gas company with assets focused in East Central Alberta in June 2018 for \$1.3 million through the issuance of 5,192,000 Point Loma common shares ("Common Shares"), at a deemed share price of \$0.25 per share.
- Acquired an incremental working interest in certain existing properties in August 2018 for \$0.3 million through the issuance of 876,623 Common Shares at a deemed price of \$0.32 per share.
- Disposed of non-core properties in multiple transactions during 2018 for total proceeds of \$2.0 million.

## **Overview and Outlook**

Point Loma has a large land position in excess of 150,000 net acres (over 230 net sections) with a deep inventory of oil opportunities in the Mannville (Upper and Lower zones of interest), Banff and Duvernay Shale. In particular, the Corporation's oil opportunities include follow-up to the recent discovery at the Wizard Lake Rex (Upper Mannville) oil play, an internally mapped Lower Mannville oil opportunity to the south of the Corporation's existing producing oil development at Paddle River and two internally identified Banff oil opportunities. Point Loma also has an undeveloped land position in the evolving West Basin Duvernay shale oil play where industry activity continues to increase in terms of horizontal drilling and land sales.

### **Rex Oil Discovery (Upper Mannville – PLX 70% Working Interest)**

In 2018 and 2019, Point Loma acquired approximately 5,100 acres (net 3,570) in the Wizard Lake area, southwest of Leduc, Alberta. Point Loma internal mapping indicates a potential accumulation of up to 60 million barrels (MMbbls) of oil in place in the Rex (Upper Mannville) oil pool on Point Loma lands. Analogous wells in the greater Leduc area have had initial rates of 250 to 300 boe/d (80% oil and ngl) demonstrating strong economics in the current pricing environment. The Rex oil discovery well was drilled and completed in the fourth quarter of 2018 and the testing of this discovery was completed in January 2019.

Point Loma is preparing for construction of facilities to place the Wizard Lake Rex oil discovery on production in the second quarter of 2019. The Corporation is encouraged by the previously conducted production test and anticipates that the ultimate deliverability of this oil well will support additional development drilling.

The 16-17-48-27W4 well tested at rates in excess of 300 bpd of oil with increasing oil cuts through the end of the testing period. Also of note, after the flow test, actual oil sales were determined to be 55 percent above measured amounts. While the timing of the additional volumes recovered during the test cannot be determined, this additional recovery of oil is positive information.

The Rex well was assigned proved plus probable non-producing reserves of 150 mbbbl (105 mbbbl working interest) in the Corporation's year-end reserve report, which was prepared by McDaniel Engineering Consultants Ltd. In addition, the Corporation booked three additional proven undeveloped and one additional probable location. In total, Point Loma's reserves booking (proven and probable) for the Rex oil discovery was 525 mbbbl of oil with a net present value of \$8.8 million at a 10 percent discount rate.

This represents a key discovery for Point Loma and is expected to increase the oil production weighting for the Corporation significantly. At tested rates this would represent a shift of oil and ngl weighting to approximately 40-45 percent. Follow-up drilling could further move the production split to a higher oil weighting.

#### **Lower Mannville Oil (PLX 80% Working Interest) – Expansion Opportunity to the South of Existing Oil Development**

Point Loma has captured and internally identified a Mannville pool target south of Paddle River which is analogous to the offsetting Paddle River Lower Mannville oil production. The target zone is thicker and has similar porosity to the existing Paddle River oil development that is operated by Point Loma. Internal mapping indicates a potential pool size of approximately 30 to 40 million barrels of original oil in place. This would result in 10 to 12 follow-up opportunities with success. This opportunity has pipeline connection to a deep cut gas facility in the area which could accelerate on-stream timing and future development.

#### **Banff Oil Exposure (PLX 80% Working Interest) – Two High Impact Targets**

Based on proprietary 3D seismic shot by the Corporation, Point Loma has internally identified two Banff oil targets in the West Cove area located to the east of Paddle River. As interpreted, these pools are analogous to developments in the offsetting Cherhill and St. Anne areas which have accumulations of up to 90 MMbbls of original oil in place. The Corporation is looking to utilize horizontal multi-stage completions to unlock and develop these pools upon success. The only previous horizontal wells drilled in the region utilized dated technology and were completed as open holes yet achieved initial production rates ranging from 200 to 800 barrels of oil per day. Point Loma anticipates that the application of current drilling and completion technology could significantly improve these results.

#### **Financial Position**

At December 31, 2018 Point Loma had a working capital deficiency of \$4.4 million. The Corporation's ability to continue as a going concern is dependent upon its ability to generate positive cash flow from operations, disposition of non-core assets, farm-outs, securing additional future financing (debt or equity), completing accretive acquisitions or strategic business combinations, improvements in realized oil and natural gas prices received and/or other arrangements.

The Corporation continues to work towards resolving the working capital deficiency and unlocking shareholder value through the development of its key oil opportunities.

#### **Additional Information**

Point Loma has filed its annual audited financial statements, Management's Discussion and Analysis (MD&A) and Annual Information Form (AIF) for the year ended December 31, 2018 with Canadian securities regulators. These filings and additional information can be found at Point Loma's website at [www.pointloma.ca](http://www.pointloma.ca) or at Point Loma's profile on the System for Electronic Document Analysis and Retrieval website at [www.sedar.com](http://www.sedar.com).

## **About Point Loma**

Point Loma is a public oil and gas development and exploration company focused on horizontally exploiting conventional oil and gas reservoirs in west central Alberta. The Corporation controls over 150,000 net acres (230 net sections) and has an inventory of oil opportunities in the Mannville (Upper and Lower), Banff, Nordegg, and Duvernay Shale formations. Point Loma's business plan is to utilize its experience to drill, develop and acquire accretive assets with potential for horizontal multi-stage frac technology and exploit opportunities for secondary recovery.

### **For further information, please contact:**

Terry Meek  
President and CEO  
Telephone: (587) 393-9444  
[tmeek@pointloma.ca](mailto:tmeek@pointloma.ca)

Thomas Love CA, CPA  
Interim CFO  
Telephone: (587) 393-9443  
[tlove@pointloma.ca](mailto:tlove@pointloma.ca)

### **A Note Regarding Forward-Looking Information**

*This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws, including without limitation, statements pertaining to the anticipated timing of production from the Corporation's Wizard Lake well and the anticipated increase in oil and ngl production weighting for the Corporation, statements pertaining to Point Loma's expectations as to production opportunities and future potential production increases, as well as increases in cash flow and the timing thereof; future gas processing rates; the anticipated closing of the purchase of oil and gas assets and expected production therefrom; the Corporation's anticipated fund raising activity; potential well reactivations and gas processing arrangements; Point Loma's expectations as to future prices of oil and natural gas; and expansions, Point Loma's anticipated increase in production rates from the Corporation's Banff oil targets using current drilling and completion technology and the focus of Point Loma's management team and go-forward strategy; and statements. Statements relating to "reserves" are also deemed to forward-looking statements, as they involve the implied assessment based on certain estimates and assumptions, that the reserves can be profitably produced in the future. This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws, including without limitation The use of any of the words "will", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements or information. Although Point Loma believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Point Loma cannot give assurance that they will prove to be correct.*

*Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve and resource estimates; the inability of Point Loma to bring additional production on stream or in the anticipated quantities disclosed herein; the uncertainty of estimates and projections relating to reserves, resources, production, costs and*

*expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; ability to access sufficient capital from internal and external sources; changes in legislation, including but not limited to tax laws, royalties and environmental regulations, actual production from the acquired assets may be greater or less than estimates. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on Point Loma's future operations and such information may not be appropriate for other purposes.*

*The forward-looking statements and information contained in this press release are made as of the date hereof and Point Loma does not undertake any obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

***Oil and Gas Information***

*"BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (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. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.*

***Non-GAAP Measures***

*Point Loma utilizes certain measurements that do not have a standardized meaning or definition as prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other entities, including funds flow used in operations, funds flow from (used in) operations per share, netback, net operating expense and operating income (loss). Readers are referred to advisories and further discussion on non-GAAP measurements contained in the Corporation's MD&A.*