



Point Loma Resources Announces Second Quarter 2019 Financial and Operating Results

Calgary, Alberta, August 29, 2019: Point Loma Resources Ltd. (TSX VENTURE: PLX) (the "Corporation" or "Point Loma") reports its financial and operating results for the three and six months ended June 30, 2019. Highlights of the period and additional updates are summarized below:

Q2 - 2019 Financial and Operating Results

	Three months ended		Six months ended	
	June 30		June 30	
	2019	2018	2019	2018
Financial (<i>\$ thousands, except share amounts</i>)				
Petroleum and natural gas revenue	\$ 1,335	1,502	\$ 2,863	2,702
Cash flow from (used in) operating activities	337	145	(93)	(791)
Funds flow used in operations ⁽¹⁾	(820)	(688)	(1,309)	(1,597)
Per share - basic ⁽¹⁾	(0.01)	(0.01)	(0.02)	(0.03)
Net income (loss)	(3,580)	505	(5,170)	(1,074)
Per share - basic ⁽¹⁾	(0.05)	0.01	(0.07)	(0.02)
Capital expenditures	589	59	932	1,672
Working capital deficiency	6,193	2,990	6,193	2,990
Share capital				
Weighted average shares outstanding	71,851,730	55,244,883	71,735,603	55,073,344
Outstanding shares	75,143,017	60,322,773	75,143,017	60,322,773
Operations				
<u>Daily average production</u>				
Crude oil and liquids (bbls/d)	238	204	225	171
Natural gas (mcf/d)	2,827	3,378	2,939	3,098
Total production (boe/d)	709	768	715	687
<u>Average sales price</u>				
Crude oil and liquids (\$/bbl)	47.04	61.58	47.35	59.76
Natural gas (\$/mcf) incl commodity gains and losses	1.19	1.17	1.76	1.52
Equivalent (\$/boe)	20.70	21.52	22.14	21.72
<u>Netback⁽²⁾ (\$/boe)</u>				
Revenues	20.70	21.52	22.14	21.72
Royalties	(3.56)	(2.15)	(3.23)	(2.39)
Net operating expense ⁽³⁾	(18.90)	(18.21)	(18.84)	(19.12)
Transportation expense	(1.31)	(0.61)	(1.17)	(0.71)
Operating netback (loss)⁽²⁾	(3.07)	0.55	(1.10)	(0.50)

⁽¹⁾ 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.

⁽²⁾ Operating netback is determined by deducting royalties, net operating expenses and transportation expenses from petroleum and natural gas revenue. See "Non-GAAP Measures" below.

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

Q2-2019 Activity Overview and Subsequent Activity

- During Q2-2019, \$0.6 million of capital was expended on production facilities for the initial Rex oil discovery well, Wizard Lake 16-17-48-27W4 (“WL 16-17”), all of which was funded by Salt Bush Energy Ltd. (“Salt Bush”) and is subject to a payout provision based on future net operating income.
- WL 16-17 was placed on production during June 2019 and resulted in an increase in oil weighting of the Corporation from 27% in Q2-2018 to 34% in Q2-2019. Continuous production through a full quarterly period and the addition of the second Wizard Lake horizontal well is expected to continue to increase the Corporation’s oil weighting.
- Entered into a two well farm-out program with Salt Bush that could result in two horizontal delineation wells being drilled into the recently discovered Rex oil pool prior to December 31, 2019. After the completion of the earning, Point Loma and Salt Bush would each have a 50% working interest in the Wizard Lake lands. One of the two wells is expected to be an extended reach horizontal which would add to the understanding of the deliverability of such wells and the optimization of further development of the pool. A total of approximately \$5 million of gross capital could be spent on the two farm-out wells to delineate the pool at no cost to Point Loma.
- The Wizard Lake HZ 1-8-48-27W4 Rex well (“WL 1-8”) was successfully drilled and completed, on schedule and on budget. WL 1-8 was 20% longer than WL 16-17 and has been successfully completed with a 35 stage frac which placed approximately 1000 tonnes of frac sand. The well is planned to be flowed back and placed on production during the coming weeks.
- Retained Mackie Research Capital Corporation to canvas the market for parties interested in a transaction to potentially acquire Point Loma’s interest in its Wizard Lake Rex oil assets. This process is ongoing with numerous counterparties currently engaged. The Corporation will provide a further update if/when a satisfactory transaction has been secured.
- Closed debt settlement agreements with certain arm’s length parties to settle trade payables in the sum of \$634,250 in consideration for the issuance of 3,523,613 settlement units.

Additional Information

Point Loma has filed its second quarter financial statements and Management’s Discussion and Analysis for the quarter ended June 30, 2019 with Canadian securities regulators. These filings and additional information can be found at Point Loma’s website at www.pointloma.ca or at Point Loma’s profile on the System for Electronic Document Analysis and Retrieval website at www.sedar.com.

About Point Loma

Point Loma is a public oil and gas development and exploration company focused on horizontally exploiting conventional and unconventional oil and gas reservoirs in west central Alberta. The Corporation controls approximately 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 to employ horizontal multi-stage frac technology and exploit opportunities for secondary recovery.

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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", "could", "would", "expects", "believe", "plans", "potential" and similar expressions are intended to identify forward-looking statements or information. These statements should not be read as guarantees of future performance or results. 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 anticipated timing to complete the second farm-out well and whether such well will be drilled, the successful completion of the two well farm-out program with Salt Bush prior to December 31, 2019, whether the Corporation will complete the disposition of the Wizard Lake oil property on satisfactory terms, 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.

Well test results should be considered as preliminary. Neither a pressure transient analysis nor a well-test interpretation has been carried out on the well test data contained herein and therefore the data contained herein should be considered to be preliminary until such analysis or interpretation has been done. There is no representation by the Corporation that the disclosed well results included in this news release are necessarily indicative of long term performance or recovery. As a result, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation or that such rates are indicative of future performance of the well.

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.

Neither the 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 release.