

Point Loma Resources Announces Third Quarter 2018 Financial and Operating Results

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CALGARY, November 23, 2018 - [Point Loma Resources Ltd.](#) (TSX VENTURE: PLX) (the "Corporation" or "Point Loma") is pleased to report financial and operating results for the three and nine months ended September 30, 2018. Highlights of the period and additional updates are summarized below:

HIGHLIGHTS

- Average daily production has increased to 977 boe/d for the third quarter of 2018, representing a 61% increase compared to the three months ended September 30, 2017.
- Third quarter oil and NGL production has increased 72% compared to the three months ended September 30, 2017, and 33% from the second quarter of 2018, to 272 bbl/d.
- Net operating expenses per boe have been reduced by 36% from the second quarter of 2018, and decreased 39% compared to the three months ended September 30, 2017.
- Cash flow from operations has increased 110% over the second quarter of 2018.
- Point Loma will initiate drilling in November 2018 and is anticipating continued growth from two horizontal wells targeting new pools.
- The two licensed targets are the Rex oil play offsetting the Leduc area development and the Lower Mannville oil play extending the trend south of existing operated production operations at Paddle River.
- Subsequent to September 30, 2018, Point Loma closed an equity financing for \$3.2 million in gross cash proceeds (\$2.7 net proceeds) and completed a non-core disposition for \$0.3 million.

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Financial				
(\$ thousands, except share amounts)				
Petroleum and natural gas revenue	1,854	1,009	4,556	
Cash flow from (used in) operating activities ⁽¹⁾	304	(1,695)	(488)	
Funds flow from (used in) operations ⁽¹⁾⁽²⁾⁽³⁾	37	(885)	(1,560)	
Per share – basic and diluted ⁽²⁾	-	(0.02)	(0.03)	
Net loss	(1,072)	(2,792)	(2,147)	
Per share – basic and diluted	(0.02)	(0.07)	(0.04)	
Capital expenditures	37	3,232	1,709	
Working capital (deficit)	(2,819)	1,010	(2,819)	
Share capital:				
Weighted average shares outstanding for period	60,713,442	42,078,907	56,964,523	

Shares outstanding at end of period	61,199,396	42,078,907	61,199,396
	Three months ended	Three months ended	Nine months ended
Operations	September 30, 2018	September 30, 2017	September 30, 2018
Daily average production			
Crude oil and liquids (bbls/d)	272	158	205
Natural gas (mcf/d)	4,235	2,683	3,481
Total production (boe/d at 6:1)	977	605	785
Average sales price			
Crude oil and liquids (\$/bbl)	57.21	46.08	58.63
Natural gas (\$/mcf)	1.09	1.38	1.34
Equivalent (\$/boe)	20.52	18.13	21.20
Netback: ⁽³⁾			
Revenues (\$/boe)	20.52	18.13	21.20
Royalties (\$/boe)	(2.28)	(1.95)	(2.35)
Net operating expense (\$/boe) ⁽³⁾	(11.64)	(19.13)	(15.98)
Transportation expense (\$/boe)	(0.60)	(1.28)	(0.66)
Netback (\$/boe) ⁽³⁾	6.00	(4.23)	2.21

(1) Nine months ended September 30, 2018 includes three months and five months of acquisition production for 2018 transactions. Nine months ended September 30, 2017 includes seven months of Judy Creek acquisition production and reflects the sale of 20% of the oil and gas assets to Salt Bush Energy Ltd. ("Salt Bush") effective April 1, 2017.

(2) Funds flow from (used in) operations is cash flow from (used in) operating activities less changes in non-cash working capital.

(3) Funds flow from (used in) operating activities, netback and net operating expense are non-GAAP measures; see "Non-GAAP Measures" below.

Third Quarter Summary

During the third quarter of 2018, netbacks have increased to \$6/boe, up from \$0.55/boe in the second quarter of 2018, and up from a negative netback of \$4.23/boe for the three months ended September 30, 2017. The main driver was the 36% reduction in net operating expense over the same period. Revenue per boe decreased by \$1/boe compared to the second quarter of 2018, with oil differentials increasing. Modest gains were realized through physical natural gas commodity contracts during the third quarter of 2018.

On August 20, 2018, the Company closed an acquisition of incremental working interest in certain existing properties through the issuance of 876,623 common shares, amounting to \$0.3 million.

In addition, on October 9, 2018 the Company disposed of royalty interests and gross overriding royalties for cash proceeds of \$0.3 million. No gains or losses resulted from these transactions.

Subsequent to September 30, 2018, the Company closed an equity offering, whereby \$3.2 million in gross cash proceeds (\$2.7 million net) was raised. The offering included the issuance of 5,954,300 Units and

4,356,059 flow-through shares, with gross proceeds of \$1.73 million and \$1.44 million, respectively (net proceeds of \$1.5 million and \$1.2 million, respectively). Each Unit is comprised of one common share and one common share purchase warrant of the Company, and each warrant can be exchanged for one common share at a price of \$0.39 per share for a period of two years from the issuance date. In addition, 416,835 broker warrants were issued as part of the Unit offering, also exercisable at \$0.39 per common share for a period of two years from the issuance date. The flow-through shares were issued at \$0.33 per share, and expenditures relating to this flow-through share offering are required to be made by December 31, 2019. Common shares outstanding amount to 71,509,755 and warrants outstanding amount to 6,371,135 after taking this offering into account.

Outlook

With a large land position in excess of 160,000 net acres (over 250 net sections), high impact oil plays in the Rex (Upper Mannville), Lower Mannville, Banff and Duvernay Shale and commencement of drilling activity the Corporation is strategically positioned to continue to unlock value across its assets.

Point Loma is initiating field activities for the drilling of two new pool wells in the fourth quarter of 2018. Licenses for both wells have been received and construction of leases has commenced. The Corporation expects to spud the first well in the next week. Each target has the potential to significantly increase current oil and ngl production, enhance the Corporation's growing reserves base and open up new oil development opportunities for Point Loma.

In addition, Point Loma is continuing to conduct additional technical interpretation and analysis work on its two identified Banff oil opportunities with the intent to license its initial locations for drilling in 2019. Reducing operating costs will continue to be a focus of the Corporation with an effort to maximize netbacks in the current challenging commodity markets. The considerable progress the Company has made in the last year through meaningful changes in field operations will continue to be an essential part of the go forward strategy. To this end Point Loma will continue to review additional changes that would further reduce operating costs per unit.

The Corporation also continues to review options to unlock shareholder value from its Duvernay shale holdings, which could include a strategic joint venture, farmout, land swap or outright sale. This play is quickly evolving into one of the upper tier oil developments in Alberta. With 12,000 net acres (20 sections) of land on this emerging oil resource play Point Loma is well positioned to benefit from area activity.

- Rex Oil (PLX 80% WI) - First Horizontal to Spud on Recently Captured Lands

The Rex target at Wizard Lake will be the first horizontal well drilled in the multi-well program and is analogous to the offsetting Leduc area Rex production which has attracted the attention of other key industry operators. Recent activity by other operators in the area has resulted in highly commercial wells (250-300 boe/d, 80% oil) as this large oil discovery continues to be exploited. The target zone on the Point Loma lands is thicker and has similar porosity than the offset development. Point Loma intends to drill a 1,300 metre lateral with 30+ completion ports. Internal mapping indicates a potential pool size of approximately 40 to 60 million barrels of original oil in place ('OOIP'). This would result in 15 to 20 follow on opportunities with success.

- Lower Mannville Oil (PLX 80% WI) - Second Horizontal Targets Expansion to the South of Existing Oil Development

The Mannville target south of Paddle River 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. The Corporation intends to drill a 1,400 metre lateral with 30+ completion ports and multi-stage fracs planned. Internal mapping indicates a potential pool size of approximately 30 to 40 million barrels of OOIP. 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 will accelerate on-stream timing and future development.

Management Changes

Point Loma announces the departure of Mr. Randy Boyd as Vice President and Chief Financial Officer of the Company. The Point Loma board of directors wish to thank Mr. Boyd for his contributions to the Company and wish him the best in the future.

Mr. Thomas Love has been appointed Interim Chief Financial Officer effective immediately. Mr. Love was formerly the Vice President and Chief Financial Officer of several public companies including [Madalena Energy Inc.](#) and [Online Energy Inc.](#)

Additional Information

Point Loma has filed its third quarter financial statements and Management's Discussion and Analysis for the quarter ended September 30, 2018 with Canadian securities regulators. These filings, and additional information including the Corporation's recently updated corporate presentation 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 oil and gas reservoirs in west central Alberta. Point Loma's business plan is to utilize its experience to drill, develop and acquire accretive assets with potential for implementation of 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 Point Loma's expectations as to the expected timing of the Corporation's drilling program, including anticipated dates for field work, spudding and licensing; the expected results of the Corporation's drilling program, including anticipated increases in oil and NGL production and reserves; the Corporation's expectations and interpretations of analogous information and internal estimates; the characteristics of the Corporation's properties and associated reservoirs; the Corporation's anticipated inventory of drilling locations and opportunities; the Corporation's plan to enter into strategic joint ventures, farmouts, land swaps or outright sales, including in connection with its Duvernay shale holdings; expected increases in cash flow and the timing thereof; Point Loma's expectations as to future prices of oil and natural gas; and the focus of Point Loma's management team and go-forward strategy.

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; the inability of Point Loma to further reduce operating costs; 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; failure to identify potential acquisitions, dispositions and operational agreements; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations.

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

The Corporation 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 from (used in) operating activities, netback and net operating expense. Readers are referred to advisories and further discussion on non-GAAP measurements contained in the Corporation's MD&A.

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