

Point Loma Resources

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Point Loma Resources success at high impact Rex play could be game-changer, says broker Mackie

Shares in Point Loma Resources Ltd (CVE:PLX) (OTCMKTS:FMTNF) flowed higher as the oiler was the recipient of a repeated 'buy' rating from broker Mackie Thursday after it told investors yesterday that its Wizard Lake Rex horizontal well in Alberta had been successfully fracked.

Calgary-based Point Loma said the well was now in a test period to recover completion fluids used during the 28-stage fracking and to establish stabilized oil deliverability.

READ: Point Loma Resources says Wizard Lake Rex horizontal oil well in Alberta drilled and completed

"A successful test could re-rate the stock and open up a significant new oil play for the company," says Mackie analyst Bill Newman.

The broker is looking forward to initial production test results expected later this month (January).

Mackie says it expects a successful well to test in the range of between 200 and 400 boe/d (barrels of oil equivalent per day) weighted 70% to 80% to oil.

Point Loma has a large concentrated land base (over 250 net sections and 160,000 net acres) and an extensive drilling inventory.

Its current focus is unlocking value from its high impact Banff and Rex oil plays and on exploiting this large inventory targeting conventional light oil.

The Rex oil play is potentially extremely exciting.

READ: Point Loma Resources has big potential for a small oiler, reckons broker Mackie

As Newman points out: "Internal mapping indicates the Rex pool has the potential to hold 60 million barrels of original oil in place (OOIP) on PLX lands.

Assuming a 10% recovery factor based on primary production only, the analyst calculates a potential net recoverable of around 4.8 million barrels equivalent to around 65% of Point Loma current 2P (proved and probable) reserves.

"Success on this high impact play would set up 20 follow up opportunities, and could be a game-changer for the stock," says Newman.

In addition, the company says that it will spud a well at its new Lower Mannville prospect located south of the company's producing Paddle River oil development in 2019.

"The target zone is thicker and has similar porosity to its current producing Paddle River oil pool," says Newman.

Management's internal mapping indicates the Lower Mannville pool has the potential to have around 35 million barrels

Price: 0.045

Market Cap: \$4.01 m

1 Year Share Price Graph



November 2018 April 2019 November 20

Share Information

Code: PLX

Listing: TSX-V

52 week High Low
0.24 0.04

Sector: Oil & Gas

Website: www.pointloma.ca

Company Synopsis:

Point Loma Resources is new publicly traded Oil and Gas company that has captured a large position on the Mannville oil and liquids rich gas trend in west central Alberta. As a new company we have no bank debt, a solid balance sheet and an experienced team focussed on creating shareholder value.

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of OOIP (original oil in place) and could result in 10 to 12 follow up horizontal wells.

"With recoveries of up to 10% on primary and up to 30% on waterflood the potential range of net reserves could be between 2.8 million barrels and 8.4 million barrels," highlighted the analyst.

Mackie has a \$1.10 share price target on the stock, which is a long distance from the current price of \$0.21 - up 7.69% on the day in Toronto.

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