

Point Loma Resources

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Point Loma Resources expects first farm-out well at Wizard Lake to spud this month

Point Loma Resources Ltd (CVE:PLX) updated on the performance of its Wizard Lake Rex oil discovery well in Alberta and revealed that a second well at the field by partner Salt Bush is expected to spud before the end of this month.

As previously reported, the 16-17-48-27W4 Rex well was placed on production on June 5 this year, and output for June is estimated at 4,280 bbls (barrels) over a total producing period of 555 hours, with the oil cut increasing throughout the period.

READ THE DEEP DIVE: Point Loma eyes a potential game-changer as the oiler advances large asset base in Alberta
Current output for the well is estimated to between 200 and 250 barrels per day (bpd) of oil.

"The early results of strong oil rates at Wizard Lake and the potential to see further increases is a big step for Point Loma," said Terry Meek, Point Loma's CEO in a statement.

"This increase in oil production is expected to provide higher netbacks and cash flow. The drilling of the first farm-out well, later in July, continues the development of the pool and is anticipated to build further oil production in the near term."

A successful fully completed two well farm-out at Wizard Lake by Salt Bush would result in three producing oil wells.

Point Loma would be operator with a 50% working interest in the Rex oil discovery well, a 25% before payout / 50% after payout working interest (WI) in both the farm-out wells and a 50% WI in the remaining lands.

Together with Salt Bush, the acreage accumulated equals 3,385 acres and provides 18 potential drilling opportunities. Point Loma and Salt Bush can also drill and earn an additional 720 acres in the area adding to the total opportunities.

One of multiple opportunities

"This discovery is one of multiple opportunities Point Loma has identified that could lead to similar developments. We are excited to work with Salt Bush to fully develop this new discovery," said Meek.

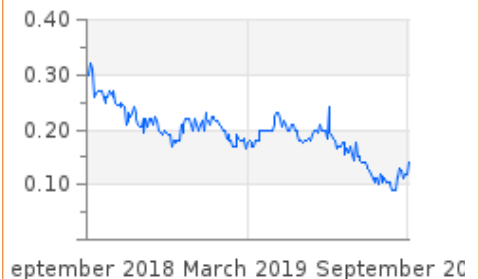
Wizard Lake is a key oil discovery for Point Loma, it says, and is expected to increase its oil production weighting. At the current pumping rate, the oil and ngl (natural gas liquids) weighting has increased to around 40% and as the well continues to clean up this could continue to increase.

Also in today's release, Point Loma it had issued settlement units with certain arm's length parties to settle trade

Price: \$0.14

Market Cap: \$10.52 m

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: PLX

Listing: TSX-V

52 week High Low
0.32 0.085

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.

action@proactiveinvestors.com.au

payables amounting to \$634,250.

Around 3.5 million units were issued. Each consists of one share and one share purchase warrant, which were issued at a deemed price of \$0.18, with each warrant exercisable into one share at \$0.22 for one year. The units cannot be traded until October 25 this year.

Following the news, broker Mackie repeated a 'Buy' rating and C\$1 target price.

"We are encouraged by the initial production rate of the Rex discovery well and we look forward to additional updates as the well continues to clean up. The two follow up delineation wells, which have longer laterals than the discovery well, could boost oil production again in Q4/19," said analyst Bill Newman.

He noted too that the oiler has a large inventory of other high impact plays, including a conventional Banff oil play, Mannville oil expansion plays, and the Duvernay shale oil resource play which provides additional upside.

Shares eased on the day 5.8% in Toronto to C\$0.16

---Updates with broker comment and share price move---

Contact the author at giles@proactiveinvestors.com

Follow him on Twitter@Gile74

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Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

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