POINT LOMA
RESOURCES LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2018

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FOR THE THREE MONTHS AND YEAR ENDED MARCH 31, 2018

This Management's Discussion and Analysis ("MD&A") of financial condition and results of operations is based on information available to May 24, 2018 and should be read in conjunction with Point Loma Resources Ltd.'s ("Point Loma" or the "Company") March 31, 2018 unaudited condensed interim financial statements and accompanying notes thereto, as well as the audited financial statements for the year ended December 31, 2017 and the accompanying notes. The MD&A should also be read in conjunction with the Company's Annual Information Form as filed on SEDAR. This MD&A contains forward-looking information about the Company's current expectations, estimates, projections and assumptions. See the Assessment of Business Risks section for information on the risk factors that could cause actual results to differ materially and the assumptions underlying the Company's forward-looking information. Point Loma's management prepared the MD&A, while Point Loma's Audit Committee reviewed and recommended its approval by the Board of Directors of the Company ("the Board").

Basis of Presentation

This MD&A and the unaudited condensed interim financial statements and comparative information have been prepared in Canadian dollars ("CAD"), unless otherwise noted, and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB"). Sales volumes are presented on a before royalties basis.

Non-GAAP Measures

Certain financial measures in this document do not have a standardized meaning as prescribed by IFRS, such as funds flow from (used in) operations, and therefore are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in order to provide shareholders and potential investors with additional measures for analyzing the Company's ability to generate funds to finance its operations and information regarding its liquidity. The additional information should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The definition and reconciliation of each non-GAAP measure is presented in the relevant sections of this MD&A.

The terms "funds flow used in operations", "funds flow used in operations per share" and "netback" in this MD&A are not recognized measures under GAAP. Management believes that in addition to net loss and cash flow used in operating activities as defined by GAAP, these terms are useful supplemental measures to evaluate operating performance. Users are cautioned however, that these measures should not be construed as an alternative to net loss or cash flow used in operating activities determined in accordance with GAAP as an indication of Point Loma's performance.

Management utilizes "funds flow used in operations" as a key measure to assess the ability of the Company to generate funds necessary to finance operating activities and capital expenditures. Funds flow used in operations is based on cash flow used in operating activities before the change in non-cash working capital and transaction costs paid in cash. The following table reconciles cash flow used in operating activities to funds flow used in operations:

	Three months ended March 31	
($ thousands)	**2018**	2017
Cash flow from (used in) operating activities	**(936)**	340
Change in non-cash working capital	**107**	(401)
Funds flow used in operations	**(829)**	(61)

"Funds flow used in operations per share" is calculated using the same weighted average number of shares outstanding, consistent with the calculations of loss per share.

"Operating income" is defined as petroleum and natural gas revenue less royalties and operating and transportation expenses.

“Net Operating expenses” is defined as operating expenses less processing income. This metric is expressed in a dollar and a per boe basis.

Management uses this metric to determine the net cash cost related to operating expenses and to provide supplemental information to analyze operating performance.

Netback is calculated on a boe basis and is determined by deducting royalties, net operating expenses and transportation expenses from petroleum and natural gas revenue. Netback is utilized by Point Loma to analyze the operating performance of its petroleum and natural gas assets against prior periods, whereby direct costs are removed from petroleum and natural gas revenue.

The term barrels of oil equivalent (“boe”) may be misleading, particularly if used in isolation. Per boe amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. This equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Forward-looking Statements

Refer to the disclaimer on forward-looking statements at the end of this MD&A.

ABOUT POINT LOMA RESOURCES LTD.

Point Loma is a publicly traded Canadian oil and gas company headquartered in Calgary, Alberta. Point Loma’s activities relate to the exploration, development and production of conventional oil and natural gas in western Canada with an emphasis on the development of properties with a large volume of hydrocarbons in place with lower risk due to the presence of previously by-passed pay.

In the following discussion, the three months ended March 31, 2018 may be referred to as the “Quarter” or “Q1-2018”, and similarly the comparative three month ended March 31, 2017 may be referred to as “Q1-2017”. Previous quarters may be referred to as QX-YEAR, with X being the quarter to which the commentary relates.

Q1-2018 Activity Overview and Subsequent Activity

On January 9, 2018, a wholly owned subsidiary of Evenergy Company Limited, a company organized under the laws of Hong Kong, purchased 2,597,321 common shares through a private placement, for gross cash proceeds of $0.7 million, resulting in a 19.9% ownership of the Company’s common shares.

Point Loma’s exit rate production at March 31, 2018 was 645 boe/d, up from 630 boe/d at December 31, 2017, following the acquisitions and dispositions that took place during 2017.

On April 30, 2018, the Company acquired a 70% working interest in certain oil and gas properties located in Alberta, for cash consideration of $0.8 million. After closing, the Company sold undeveloped land and gross overriding royalties associated with these newly acquired properties for cash proceeds of $0.4 million. The Company anticipates incremental production of approximately 315 boe/d from this acquisition, with an oil/gas split of approximately 35%/65%.

Economic Environment

Selected Benchmark Prices and Exchange Rates [1]	Three months ended March 31		
	2018	2017[4]	% Change
WTI oil (US$/bbl) [2]	**62.85**	51.75	21.4
Canada Light Sweet (CAD$/bbl) [3]	**72.85**	65.00	12.1
Henry Hub NYMEX (US$/MMbtu) [2]	**2.85**	3.00	(5.0)
AECO natural gas (CAD$/Mcf) [3]	**2.05**	2.69	(23.8)
CAD$/US$ exchange rate	**1.27**	1.32	(4.1)

(1) The benchmark prices do not reflect Point Loma realized sales prices, as price differentials and adjustments would reduce Point Loma's resulting prices realized. In addition, prices and exchange rates presented above represent averages for the respective periods, whereas sales revenue recorded by the Company reflect pricing on the day the sale is made.

(2) United States Dollars ("US$")

(3) Canadian Dollars ("CAD$")

(4) Certain comparative amounts are changed from those disclosed in the Q1-2017 MD&A to provide a comparative from the same source.

WTI oil prices increased to US$62.85/bbl during Q1-2018 from US$51.75/bbl during Q1-2017.

During Q1-2018, AECO natural gas prices of $2.05/mcf were 24% lower than those that existed during Q1-2017 of $2.69/mcf. Despite a 24% increase in production, the price decline resulted in a drop of natural gas revenues by 12% over the same period.

Going Concern and Capital Commitments

The Company reported a $1.6 million net loss and used $0.9 million of cash flows in operating activities for the three month period ended March 31, 2018. As at March 31, 2018, the Company has an accumulated deficit of $17.3 million, a $2.2 million working capital deficit and is committed to remaining flow-through share expenditures of $2.9 million prior to December 31, 2018. These conditions indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations and/or restructure the existing debt and payables. Notwithstanding the share issuances that took place in December 2017 and January 2018, there is no assurance the Company will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. There is no certainty that these and/or other strategies will be sufficient to enable the Company to continue as a going concern. The financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations. Such adjustments could be material.

The Company anticipates that it will have the ability to fund the expected capital expenditures to develop its properties for the duration of 2018. The Company expects to operate within cash flow from operating activities and funds raised through capital markets and debt if required, to develop its assets and meet flow-through commitments.

The Company's business is capital intensive and additional capital is required on a periodic basis. As part of its business plan, the Company regularly evaluates sources of funding including equity and debt. The current world-wide economic environment relative to the oil and gas industry has made access to capital challenging for many companies, Point Loma included. See Liquidity and Capital Resources section for further discussion of 2018 funding.

RESULTS OF OPERATIONS

Sales volume

	Three months ended March 31 2018	2017
Crude oil (bbl/d)	**104**	176
NGLs (bbl/d)	**34**	29
Crude oil and NGLs (bbl/d)	**138**	205
Natural gas (mcf/d)	**2,815**	2,263
Boe/d	**607**	582
Percentage crude oil and NGLs	**23%**	35%

The Company's sales volumes averaged 607 boe/d during Q1-2018, up from 582 boe/d in Q1-2017, as the Company continues to increase production on the assets acquired in 2016 and 2017, as well as realize production from the impact of capital spending.

Revenue

($ thousands, except as indicated)	Three months ended March 31 2018	2017
Crude oil	**559**	854
NGLs	**151**	101
Crude oil and NGLs	**710**	955
Natural gas	**491**	560
Total petroleum and natural gas revenue	**1,201**	1,515
Point Loma average prices		
Crude oil ($/bbl)	**59.49**	53.92
NGLs ($/bbl)	**49.76**	39.43
Crude oil and NGLs ($/bbl)	**57.12**	51.89
Natural gas ($/mcf)	**1.94**	2.75
Equivalent ($/boe)	**21.97**	28.95

Point Loma's realized crude oil price was $59.49/bbl for Q1-2018, which is 82% of the Canadian Light Sweet price. This compares to Q1-2017 at $53.92/bbl and 83% of the Canadian Light Sweet price for Q1-2017. The differential between realized prices and the Canadian Light Sweet price is due to quality adjustments for crude oil produced and transportation costs to get product to market.

During Q1-2018, the Company earned $0.7 million of crude oil and NGL revenue at an average price of $57.12/bbl. This compares to $1.0 million in crude oil and NGL revenue at an average price of $51.89 per bbl for the period Q1-2017. Although prices/bbl increased, sales volumes were lower, which decreased revenue in Q1-2018 compared to Q1-2017.

Natural gas revenue during Q1-2018 was $0.5 million, compared to $0.6 million in Q1-2017. Despite increased natural gas sales volumes, natural gas prices have had a significant negative impact on the Company's natural gas revenues in Q1-2018 versus Q1-2017.

Royalties

($ thousands, except as indicated)	Three months ended March 31 2018	2017
Crown	**73**	98
Freehold and GORR	**76**	93
Total royalties	**149**	191
Percentage of revenue	**12.4%**	12.6%
$/boe	**2.73**	3.66

Royalties are either paid or taken in kind and are payable to third parties, land and mineral rights owners and to the provincial government. The royalty terms of mineral rights and provincial rates impact the overall rate. In Q1-2018, the royalty rate realized was 12.4%, compared to 12.6% for Q1-2017.

Processing income

Processing fee income of $0.2 million relates to revenue earned through third party usage of the Company's processing facilities, and compares to $50 thousand realized in Q1-2017. See also Net Operating Expenses, below.

Expenses

($ thousands, except otherwise noted)	Three months ended March 31 2018	2017
Operating expenses	**1,337**	956
Less: Processing Income	**(230)**	(50)
Net Operating expenses (1)	**1,107**	906
$/boe	**20.25**	17.30

($ thousands)	Three months ended March 31 2018	2017
Net Operating (1)	**1,107**	906
Transportation	**46**	54
General and administrative	**621**	406
Depletion and depreciation	**539**	436
Share-based compensation	**122**	109
Exploration	**120**	-
Finance	**167**	185
Total	**2,722**	2,096

($ per boe)	Three months ended March 31 2018	2017
Net Operating (1)	**20.25**	17.30
Transportation	**0.84**	1.04
General and administrative	**11.36**	7.74
Depletion and depreciation	**9.87**	8.33
Share-based compensation	**2.23**	2.08
Exploration	**2.19**	-
Finance	**3.06**	3.54
Total	**49.80**	40.03

(1) See definition under "Non-GAAP Measures" section contained within this MD&A.

Net Operating

Net Operating expenses per boe for Q1-2018 were $20.25/boe compared to $17.30/boe for the period Q1-2017. There were no workover expenses incurred in Q1-2017, and amounted to $0.3 million in Q1-2018, accounting for a large part of the increase.

Transportation

Transportation expenses include the costs to deliver product to a sales point. Transportation expenses per boe for Q1-2018 were $0.84/boe, compared to $1.04/boe in Q1-2017. This decrease is a result of lower deliveries (and costs) of crude oil in Q1-2018, with sales volumes from other commodities increasing, reducing the per boe amounts.

General and administrative

General and administrative expenses of $0.6 million for Q1-2018 were higher compared to $0.4 million Q1-2017, due to increases in personnel costs, as a result of the increase in corporate activities.

Depletion and depreciation

Depletion amortizes the cost of underlying oil and gas assets on a unit of reserves produced basis, where the amortizable base includes all capital costs of the assets acquired, net of impairment, plus unspent future development costs associated with proved and probable reserves. Depletion and depreciation expense per boe for Q1-2018 was $9.87/boe, compared to $8.33/boe for Q1-2017.

Depletion in Q1-2018 was higher than Q1-2017 because the depletable base increased for both capital spending, as well as future development costs increases from Q1-2017 to Q1-2018. Further, production increased from 582 boe/d in Q1-2017 to 607 boe/d in Q1-2018, and as depletion is calculated on a unit of production basis, the total expense calculated increases as a result.

Exploration

During Q1-2018, exploration expense of $0.1 million was recorded, which reflects the expiration of leases and removal of costs in areas where no further exploration is expected. No such amounts were recorded in Q1-2017.

Share-based compensation

Under the Company's stock option plan, directors, officers, employees and certain consultants are eligible to receive options to acquire common shares of the Company. On January 18, 2018, 505,000 stock options were granted at an exercise price of $0.29 per common share. In addition, during Q1-2018, 40,000 stock options were forfeited.

Finance

	Three months ended March 31	
($ thousands)	**2018**	2017
Interest – convertible debentures	**19**	30
Accretion – convertible debentures	**42**	28
Interest income	**(3)**	-
Accretion – decommissioning obligations	**109**	127
Total	**167**	185

Accretion expense is associated with the time value of money change on decommissioning obligations and convertible debenture liabilities. As these liabilities are recorded at discounted values, their carrying amount accretes up to the undiscounted value on the date payment is required. Interest and accretion of convertible debentures totaled $61 thousand in Q1-2018, and was $58 thousand in Q1-2017.

Accretion on decommissioning liabilities has increased, given the increase in the overall liability assumed through acquisitions.

NET LOSS, CASH FLOW AND FUNDS FLOW FROM (USED IN) OPERATIONS

	Three months ended March 31	
($ thousands, except per share amounts)	**2018**	2017
Net loss	**(1,579)**	(772)
$/share - basic [(1)]	**(0.03)**	(0.03)
Cash flow used in operating activities	**(936)**	340
$/share - basic [(1)]	**(0.02)**	0.01
Funds flow used in operations	**(829)**	(61)
$/share - basic [(1)]	**(0.02)**	-

[(1)] There is no dilutive impact to the weighted shares number of common shares outstanding for the three months ended March 31, 2018 or 2017, relating to stock options, warrants or convertible debentures.

For Q1-2018, the Company reported a net loss of $1.6 million, compared to a net loss of $0.8 million for Q1-2017.

The increase in net loss is due to a combination of decreased revenues of $0.1 million mainly as a result of softening natural gas prices despite increased production, together with higher operating expenses of $0.4 million, higher general and administrative costs of $0.2 million, and higher exploration expenses of $0.1 million.

Funds flow used in operations for Q1-2018 was $0.8 million higher, as compared Q1-2017. The increase in funds flow used in Q1-2018 was due to decreased revenues and higher operating expenses of $0.1 million and $0.4 million, respectively, as well as increased cash general and administrative costs of $0.2 million.

Cash flow used in operations increased by $1.3 million for the reasons noted for funds flow as well as the use of funds associated with working capital changes.

CAPITAL EXPENDITURES

	Three months ended March 31	
($ thousands)	**2018**	2017
Exploration and evaluation ("E&E") assets		
Land costs	**22**	39
Seismic	**596**	-
Total E&E asset expenditures	**618**	39
Property, plant and equipment ("PP&E")		
Drilling and completions	**240**	(68)
Plant and equipment	**754**	157
Total PP&E expenditures	**994**	89
Total capital expenditures [(1)]	**1,612**	128

[(1)] Expenditures exclude non-cash additions for decommissioning obligations and any other non-cash items.

E&E assets

E&E assets consist of the Company's intangible exploration projects with pending determination of proved or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period plus properties acquired. E&E assets are not depreciated or depleted. Other additions in Q1-2018 relate mainly to seismic additions during the period.

PP&E

In Q1-2018, the Company spent approximately $1.0 million on property, plant and equipment. The majority of this spending was for pipeline and gathering systems amounting to $0.6 million and $0.4 million for completion and re-completion work.

DECOMMISSIONING OBLIGATIONS ("ARO")

At March 31, 2018, Point Loma has recorded ARO of $20.5 million for the future abandonment and reclamation of Point Loma's properties. The estimated ARO includes assumptions in respect of actual costs to abandon wells or reclaim the property, the time frame in which such costs will be incurred, as well as annual inflation factors in order to calculate the undiscounted total future liability. At March 31, 2018, the future liability has been discounted at a risk free interest rate of 2.2%.

COMMON SHARES AND STOCK OPTIONS

	Common Shares	Stock Options
December 31, 2017	52,533,452	4,085,000
Issued or granted	2,597,321	505,000
Forfeited	-	(40,000)
March 31, 2018 and May 24, 2018	**55,130,773**	**4,550,000**

On January 9, 2018, 2,597,321 common shares were issued at a price of $0.29 per share for gross cash proceeds of $0.7 million.

During Q1-2018, 505,000 stock options were issued at an exercise price of $0.29 per share and 40,000 stock options were forfeited, resulting in a total number outstanding of 4,550,000, representing 8.2% of outstanding shares. The weighted average exercise price of the options at March 31, 2018 was $0.37 per share, and 800,000 were exercisable.

OFF BALANCE SHEET ARRANGEMENTS

Point Loma does not have any special purpose entities nor is it a party to any arrangements that would be excluded from the balance sheet.

COMMITMENTS

(a) On August 16, 2017, the Company entered into an agreement to lease office premises with a possession date of August 24, 2017 through to December 31, 2019. As a result, Point Loma is committed to monthly cash payments of approximately $30 thousand, with the first payment due April 1, 2018.

(b) On December 19, 2017, the Company issued 10,454,545 flow-through common shares at a price of $0.33 per share for total gross proceeds of $3.5 million. The proceeds must be spent on eligible flow-through capital expenditures prior to December 31, 2018. As at March 31, 2018, $0.6 million has been expended, resulting in a deferred tax recovery of $91 thousand, and leaving $2.9 million remaining to be incurred on eligible expenditures.

SUBSEQUENT EVENTS

On April 30, 2018, the Company acquired a 70% working interest in certain oil and gas properties located in Alberta, for cash consideration of $0.8 million. After closing, the Company sold undeveloped land and gross overriding royalties associated with these newly acquired properties for cash proceeds of $0.4 million. The Company anticipates incremental production of approximately 315 boe/d from this acquisition, with an oil/gas split of approximately 35%/65%.

Subsequent to March 31, 2018, the Company has entered into the following physical price contracts:

- Natural gas - 1,600 gigajoules ("GJ")/day at $1.57/GJ for the month of April 2018.
- Natural gas - 600 GJ/day at $1.03/GJ for the period June - October 2018.
- Natural gas - 600 GJ/day at $1.15/GJ for the period June - October 2018.

LIQUIDITY AND CAPITAL RESOURCES

Capitalization *($ thousands, except common shares outstanding or otherwise noted)*		As at March 31 2018
Number of common shares outstanding		**55,130,773**
Market price ($/share) at March 31, 2018		**$ 0.25**
Market capitalization	$	**$ 13,783**
Working capital deficiency		**2,224**
Convertible debentures including interest		**2,041**
Total capitalization	$	**$ 18,048**

Capital Funding

As at March 31, 2018, the Company had $2.5 million subordinated secured convertible debentures outstanding that bear interest at 3% per annum with a maturity date of June 28, 2021. The debentures are convertible into common shares of the Company at the option of the holder at a conversion price of $0.50 per share at any time prior to the maturity date. In the event that the 20 consecutive trading days' volume-weighted average price of the Company's common shares is greater than $0.75 per common share, the Company shall have the option to cause the conversion of the debentures on the same terms as the holders of the convertible debentures.

On January 9, 2018, the Company issued 2,597,321 common shares, pursuant to a private placement, at a price of $0.29 per share, receiving gross cash proceeds of $0.7 million.

Liquidity

The Company relies on funds flow from operations and equity and debt securities issuances to fund its capital requirements and provide liquidity. During Q1-2018 the Company used $0.8 million of funds flow in operations as well as issued 2.6 million common shares for $0.7 million gross proceeds as noted above under Capital Funding.

As at March 31, 2018, the Company had a working capital deficiency of $2.2 million. The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment and borrowings sufficient to meet current and future obligations and/or restructure the existing debt and payables.

The Company believes it has sufficient funding through a combination of funds flow from operations and access to capital to meet its obligations as they come due and, if required, will consider selling non-core assets, additional short-term financing or issuing equity in order to meet its future liabilities.

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ACCOUNTING POLICIES

Management is required to make judgments, estimates and assumptions in the application of accounting policies that could have a significant impact on the Company's financial results. Actual results may differ from those estimates and those differences may be material. The estimates and assumptions used are subject to updates based on experience and the application of new information. The Company's critical accounting policies and estimates are reviewed annually by the Audit Committee of the Board.

Areas where significant estimation is required in the preparation of the financial statements are outlined in the December 31, 2017 financial statement notes, and have not changed in Q1-2018, with the exception of estimation required in determining a bad debt provision as required under IFRS 9.

Judgment is required in the preparation of decisions made impacting the financial statements in a number of areas, which are outlined in the December 31, 2017 financial statement notes. These have not changed in Q1-2018.

ASSESSMENT OF BUSINESS RISKS

Point Loma management has identified the key risks, uncertainties and opportunities associated with Point Loma's business that can impact the financial result. They include, but are not limited to:

Volatility of Oil and Natural Gas Prices

Operational results and financial condition, and therefore the amount of capital expenditures are dependent on the prices received for crude oil and natural gas production.

Decreasing crude oil and natural gas prices will reduce cash flow from operating activities, impacting Point Loma's level of capital expenditures and may result in the shut-in of properties. Differentials on Canadian crude oil have also shown significant volatility throughout recent years due to pipeline and infrastructure constraints. Any movement in crude oil and natural gas prices will have an effect on Point Loma's ability to continue with its capital expenditure program. Crude oil and natural gas prices are determined by economic and, in some circumstances, political factors. Supply and demand factors, including weather and general economic conditions as well as conditions in other crude oil and natural gas regions, impact prices. Point Loma may manage the risk associated with changes in commodity prices by entering into crude oil or natural gas price derivative contracts.

If Point Loma engages in activities to manage its commodity price exposure, it may forego the benefits it would otherwise experience if commodity prices were to increase. In addition, commodity derivative contracts activities could expose the Company to losses. To the extent that Point Loma engages in risk management activities related to commodity prices, it will be subject to credit risks associated with counterparties with which it contracts.

Access to Capital Markets

Point Loma's capital expenditures are financed from funds flow from operations, borrowings, proceeds from property divestments and possible future equity issuances. Point Loma's ability to issue equity is dependent upon, among other factors, the overall state of capital markets and investor appetite for investments in the energy industry and Point Loma's securities. Further, if revenues or reserves decline, Point Loma may not have access to the capital necessary to undertake or complete future drilling programs.

Additionally, Point Loma may issue additional common shares from treasury at prices which may result in a decline in production per common share and reserves per common share.

To the extent that external sources of capital become limited or unavailable or available only on onerous terms, Point Loma's ability to make capital investments and maintain or expand existing assets and reserves may be impaired and Point Loma's assets, liabilities, business, financial condition and results of operations may be materially adversely affected as a result.

Retention of Key Personnel

A loss in the key personnel of Point Loma could delay the completion of certain projects or otherwise have a material adverse effect on the Company. Shareholders are dependent on Point Loma's management and staff in respect of the administration and management of all matters relating to Point Loma's assets.

Changes in Income Tax Legislation

In the future, income tax laws or other laws may be changed or interpreted in a manner that adversely affects the Company or its shareholders. Tax authorities having jurisdiction over Point Loma or its shareholders may disagree with how Point Loma calculates its income for tax purposes, to the detriment of the Company and its shareholders.

Changes in Government Royalty Legislation

Provincial programs related to the crude oil and natural gas industry may change in a manner that adversely impacts shareholders. Point Loma is currently a licensed operator in Alberta, which has a royalty program that could be revised at any time. Future amendments to any royalty programs in any of Point Loma's current or future operating jurisdictions could result in reduced cash flow from operating activities.

Environmental Concerns and Changes in Environmental Legislation

The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or issuance of clean-up orders in respect of Point Loma or its working interests. Such legislation may be changed to impose higher standards and potentially more costly obligations to Point Loma. Furthermore, management believes the federal government appears to favour new programs for environmental laws and regulation, particularly in relation to the reduction of emissions, and there is no assurance that any such programs, laws or regulations, if proposed and enacted, will not contain emission reduction targets which Point Loma cannot meet.

Financial penalties or charges could be incurred as a result of the failure to meet such targets. In particular, there is uncertainty regarding the Federal Government's Regulatory Framework for Air Emissions ("Framework"), as issued under the Canadian Environmental Protection Act.

In the fourth quarter of 2015, the provincial government of Alberta released its Climate Leadership Plan which will impact all consumers and businesses that contribute to carbon emissions in Alberta. The impact of the Climate Leadership Plan continues to be assessed by management of Point Loma.

The use of fracture stimulations has been ongoing safely in an environmentally responsible manner in western Canada for decades. With the increase in the use of fracture stimulations in horizontal wells there is increased communication between the oil and natural gas industry and a wider variety of stakeholders regarding the responsible use of this technology.

This increased attention to fracture stimulations may result in increased regulation or changes of law which may make the conduct of Point Loma's business more expensive or prevent Point Loma from conducting its business as currently conducted. Point Loma focuses on conducting its operations in a safe, responsible and transparent manner in the communities in which its people live and work.

Further, increased incidents of extreme weather events and/or longer term climate pattern changes could result in operational disruptions including access to property by Point Loma and/or service providers, as well as access and availability of water or other supplies for operating purposes. This could include longer or shorter spring break up periods.

Acquisitions

The price paid for acquisitions is based on engineering and economic estimates of the potential reserves made by independent engineers modified to reflect the technical views of management. These assessments include a number of material assumptions regarding such factors as recoverability, marketability, future prices and operating costs of crude oil, natural gas, condensate and NGLs, future capital expenditures and royalties and other government levies and reclamation and decommissioning costs that will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the operators of the working interests, and Point Loma. In particular, changes in the prices of and markets for crude oil, natural gas, condensate and NGLs from those anticipated at the time of making such assessments will affect the value of the acquisition to Point Loma. In addition, all such estimates involve a measure of geological and engineering uncertainty that could result in lower production and reserves than attributed to the working interests. Actual reserves could vary materially from these estimates. Consequently, the reserves acquired may be less than expected, which could adversely impact cash flow from operating activities.

QUARTERLY INFORMATION

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume								
Crude oil (bbls/d)	104	107	130	115	176	128	118	-
NGL's (bbls/d)	34	39	28	16	29	18	4	-
Natural gas (mcf/d)	2,815	2,771	2,683	2,611	2,263	1,171	618	-
Equivalent (boe/d)	607	608	605	566	582	341	225	-
Financial (000s unless othewise noted)								
Petroleum and natural gas revenue	$ 1,201	$ 1,114	$ 1,009	$ 1,183	$ 1,515	$ 970	$ 629	$ -
Net income (loss)	(1,579)	(4,365)	(2,792)	421	(772)	(2,522)	(124)	(1,751)
Per share - basic and diluted ($/share)	(0.03)	(0.11)	(0.07)	0.01	(0.03)	(0.10)	(0.01)	(0.16)
Cash flow from (used in) operating activities	(936)	(1,368)	(1,744)	(513)	340	(81)	170	(926)
Funds flow used in operations	(829)	(1,566)	(877)	(576)	(61)	(231)	(167)	(445)
Per share - basic and diluted ($/share)	(0.02)	(0.04)	(0.02)	(0.02)	-	(0.01)	(0.01)	(0.04)
Working capital (deficiency)	(2,223)	(371)	1,010	5,305	(1,655)	(1,491)	(608)	1,656
Total assets	35,138	36,100	37,709	38,260	38,998	19,046	18,590	15,462
Capital expenditures	1,612	2,937	3,232	332	130	2,258	2,390	61
Principal amount of convertible debentures	2,500	2,500	2,500	2,500	3,150	3,150	3,650	3,650
Weighted average shares - basic	54,900	43,556	42,079	35,300	29,538	25,687	21,518	10,701
Common shares outstanding	55,131	52,533	42,079	42,079	31,961	27,353	21,630	21,306
Sales prices realized								
Oil ($/bbl)	$ 59.49	$ 57.69	$ 47.64	$ 51.19	$ 53.92	$ 50.24	$ 44.91	$ -
NGL ($/boe)	$ 49.76	$ 51.95	$ 38.74	$ 30.88	$ 39.43	$ 33.54	$ 21.27	$ -
Natural Gas ($/Mcf)	$ 1.94	$ 1.41	$ 1.38	$ 2.53	$ 2.75	$ 3.02	$ 2.38	$ -

Company production commenced after the acquisition and reverse takeover of First Mountain was completed on June 28, 2016 and increased following the acquisition of Ascent on January 17, 2017 and the acquisition of oil and gas properties on February 28, 2017.

On May 23, 2017, the Company closed a disposition of 20% of its oil and gas assets with an effective date of April 1, 2017, which also resulted in the disposition of decommissioning liabilities amounting to $5.2 million.

Net income (loss) reflects weakened natural gas prices as well as workover costs incurred in Q1-2018. Workover costs amounted to $0.3 million in Q1-2018. Impairment of PP&E assets in Q4-2017 amounted to $2.6 million, the disposition of assets in Q2-2017 resulted in a gain of $1.5 million, expensing of transaction costs related to the above acquisitions amounted to $1.4 million in Q2-2016, and the expensing of exploration and evaluation assets amounted to $1.1 million in Q3-2017, $1.2 million in Q4-2016 and $0.6 million in Q4- 2015.

Sales prices realized reflect what the Company receives for the commodities sold. Energy commodity price volatility continues to impact net revenues realized. NGL prices increased considerably in Q4-2017, up to $51.95/boe from $38.74/boe in Q3-2017. Natural gas prices realized have increased slightly in Q1-2018, after decreasing sharply in the last half of 2017, with Q4-2017 down 50% from Q1-2017.

CHANGES IN ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS

- IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Expanded disclosure requirements are also part of the standard. IFRS 15 is effective for fiscal years beginning on or after January 1, 2018. The standard is required to be either adopted retrospectively in full or using a modified approach where prior numbers remain and the retrospective effect is an adjustment to retained earnings.

The standard had no impact on opening deficit and the additional disclosures are presented in the notes to the condensed interim financial statements at March 31, 2018.
The standard resulted in a change in presentation between processing income and operating expenses with no impact on earnings. The Company retrospectively adopted this standard on January 1, 2018.

- On January 1, 2018, Point Loma adopted IFRS 9 “Financial instruments” as issued by the IASB. IFRS 9 introduces a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The approach is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements; however, where the fair value option is applied to financial liabilities, the change in fair value resulting from an entity’s own credit risk is recorded in other comprehensive income instead of net earnings, unless this creates an accounting mismatch. In addition, a new expected credit loss model for calculating impairment on financial assets replaces the incurred loss impairment model used in IAS 39. The new model results in more timely recognition of expected credit losses. IFRS 9 also includes a simplified hedge accounting model, aligning hedge accounting more closely with risk management. Point Loma does not currently apply hedge accounting. The standard was effective for annual periods beginning on January 1, 2018. The Company retrospectively adopted the standard on January 1, 2018. The adoption of IFRS 9 did not require any material adjustments to the Company’s financial statements.

FUTURE ACCOUNTING PRONOUNCEMENTS

Point Loma will be required to adopt the following three standards. The Company is evaluating the impact these standards/interpretations may have on the Company’s financial statements, and comments as to status and/or expected implications are noted below for each:

- On January 13, 2016, the IASB issued IFRS 16, "Leases“("IFRS 16"), which requires entities to recognize lease assets and lease obligations on the statement of financial position. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases.

  Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. IFRS 16 is effective for years beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has been adopted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently evaluating the impact of adopting IFRS 16 on the financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

As the Company is classified as a Venture Issuer under applicable securities legislation, it is required to file basic Chief Executive Officer and Chief Financial Officer Certifications, which it has done for the three months ended March 31, 2018. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at March 31, 2018.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect," "anticipate," "continue," "estimate," "objective," "ongoing," "may," "will," "project," "should," "believe," "plans," "intends," "strategy," and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this MD&A contains forward-looking information and statements pertaining to the following: Point Loma's financial goals, Point Loma's view of future crude oil, natural gas, condensate and NGLs, Point Loma's guidance for 2018 Point Loma's risk management plans for 2018, Point Loma 's view on the impact of the government of Alberta's announced Modernized Royalty Framework ("MRF") on its operations, the financing information relating to raising capital, Point Loma's estimates of normal course obligations and a number of other matters, including the amount of future asset retirement obligations, future liquidity and financial capacity, future results from operations and operating metrics, future costs, expenses and royalty rates, future interest costs, and future development, exploration, acquisition and development activities (including drilling plans) and related capital expenditures.

The forward-looking information and statements contained in this MD&A reflect several material factors and expectations and assumptions of Point Loma including, without limitation: that Point Loma will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the accuracy of the estimates of Point Loma's reserves and resource volumes; certain commodity price and other cost assumptions; and the continued availability of adequate debt and equity financing and funds flow from operations to fund its planned expenditures. Point Loma believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Point Loma's products; unanticipated operating results or production and or sales volumes declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Point Loma or by third-party operators of Point Loma's properties, increased debt levels or debt service requirements; inaccurate estimation of Point Loma's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time to time by Point Loma.

The forward-looking information and statements contained in this MD&A speak only as of the date of this MD&A, and Point Loma assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

ABBREVIATIONS

The following is a summary of the abbreviations used in this MD&A:

Oil and Natural Gas Liquids		*Natural Gas*	
bbl	barrel	Mcf	thousand cubic feet
bbls/d	barrels per day	mmbtu	million British Thermal Units
NGLs	Natural gas liquids		
boe	barrel of oil equivalent		
boe/d	barrel of oil equivalent per day		