POINT LOMA
RESOURCES LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

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This Management's Discussion and Analysis ("MD&A") of financial condition and results of operations is based on information available to November 26, 2019 and should be read in conjunction with Point Loma Resources Ltd.'s ("Point Loma" or the "Company") September 30, 2019 unaudited condensed interim financial statements and accompanying notes thereto, as well as the audited financial statements for the year ended December 31, 2018 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 and production volumes are presented before royalties.

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", "operating netback", "operating income (loss)" and "net operating expenses" in this MD&A are not recognized measures under GAAP. Management believes that in addition to cash flow from (used in) operating activities, cash flow from (used in) operating activities per share, net loss and operating expenses 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 GAAP defined measures 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 from (used in) operating activities before the change in non-cash working capital. The following table reconciles cash flow used in operating activities to funds flow used in operations:

	Three months ended September 30		**Nine months ended September 30**	
($ thousands)	**2019**	**2018**	**2019**	**2018**
Cash flow from (used in) operating activites	**(218)**	304	**(311)**	(488)
Change in non-cash working capital	**(604)**	(267)	**(1,820)**	(1,072)
Funds flow from (used in) operations	**(822)**	37	**(2,131)**	(1,560)

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 (loss)" is defined as petroleum and natural gas revenue less royalties and net operating and transportation expenses and provides an analysis of the results directly tied to operations.

"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.

Operating 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. Operating 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 nine 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 September 30, 2019 may be referred to as the "Quarter" or "Q3-2019", and similarly the nine months ended September 30, 2019 may be referred to as "YTD-2019". The comparative three and nine months ended September 30, 2018 may be referred to as "Q3-2018" and "YTD-2018" respectively. Previous quarters may be referred to as QX-YEAR, with X being the quarter to which the commentary relates.

Going Concern

For the nine months ended September 30, 2019, the Company reported a net loss of $6.7 million and used $0.3 million of cash flows in operating activities. As at September 30, 2019, the Company has an accumulated deficit of $36.3 million, a $5.4 million working capital deficit and is committed to flow-through share expenditures of $1.5 million prior to December 31, 2019 with a further $0.8 million required to be spent by December 31, 2020 based on flow-through share financings completed in October 2018 and September 2019, none of which has been expended to September 30, 2019. Should this expenditure commitment not be satisfied, the Company will have a further requirement to indemnify the flow-through shareholders for their tax costs plus any penalties. 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 ability to fulfill these liabilities and continue as a going concern is dependent on the expected upcoming increase in production capability of existing assets and the Company's ability to attain profitable operations and generate funds therefrom, including improvements in realized oil and gas prices, together with the continued ability to raise capital through public issuances, private placements, debt financing, property sales or some combination of these alternatives 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.

Q3-2019 Activity Overview and Subsequent Activity

- Wizard Lake Update

  Positive developments at Wizard Lake have occurred since the end of June 2019 resulting in the expectation that Point Loma will become cash flow positive in the first quarter of 2020. Highlights were as follows:

  - The second well of a two well farm-out, Wizard Lake 13-4-48-27W4M ("WL 13-4"), has been drilled and cased to a depth of 3,673 m and is expected to be completed shortly with a frac design of approximately 45 stages, representing an increase from the fracs pumped in the two previous wells. The well encountered excellent reservoir quality over at least 1800m of the 2,098m extended length horizontal lateral. The net to gross reservoir ratio was over 90% in the lateral.
  - The first well of the two well farm-out, the WL 1-8 well was successfully drilled and completed in August and has produced in a limited fashion due to facility restrictions.
  - Construction operations are currently underway to expand the production facilities to be capable of handling up to 5,000 barrels of fluid a day and 5 mmcf per day of natural gas. The upgrade work is expected to be completed by the end of December and is planned to coincide with the commencement of production from all three existing wells at Wizard Lake.
  - The initial discovery well, the WL 16-17, was shut-in as existing production facilities were incapable of processing production from both it and the unexpectedly prolific WL 1-8. A workover of the WL 16-17 well was successfully completed and the well is expected to resume production in December upon completion of the facilities expansion.
  - A total of approximately $5 million of gross capital is expected to be spent on the two farm-out wells to delineate the pool at no cost to Point Loma.
  - The Company will have a 25% WI before payout in both farm-out wells and 50% WI after payout.
  - The Company's share of the costs associated with the production facilities will be borne by its partner Salt Bush. Point Loma will have an option to back-in to a working interest in the facilities.

- The Company has been working with 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 remains ongoing to allow engaged counterparties to assess pending results from the second farm-out well, the completion of the facilities expansion and additional production data from all three wells.

- Until such a time as an acceptable transaction for the Company's Wizard Lake property has been secured, Point Loma remains committed to the continued delineation of the Rex oil pool and expects to begin to realize additional production revenues from the three existing wells through the expanded facilities early in 2020.

- Closed a $1.7 million private placement on September 27, 2019.

- Point Loma has been re-activating production that had remained shut in during the summer months due to low gas prices. To date, the Corporation has returned to production approximately 90 boepd (32 bpd oil) and are working on a further reactivation of approximately 150 boepd of gas weighted production. Natural gas prices have increased significantly in the recent months and could add considerably to future revenues at the current forward price projections.

Capital Commitments

Capital commitments associated with flow-through shares are outlined in Going Concern, above. 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 Canadian 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 2019 funding.

FINANCIAL INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Financial ($ thousands)				
Petroleum & natural gas revenue	**1,156**	1,854	**4,019**	4,556
Royalties	**(150)**	(205)	**(568)**	(503)
Net operating expenses [1]	**(1,018)**	(1,046)	**(3,454)**	(3,424)
Transportation	**(57)**	(54)	**(207)**	(142)
Operating income (loss) [1]	**(69)**	549	**(210)**	487
General and administrative	**(678)**	(534)	**(1,780)**	(1,850)
Depletion and depreciation	**(648)**	(829)	**(2,099)**	(2,182)
Gain/(loss) on acquisition/disposal	–	195	**(17)**	2,287
Share-based compensation recovery (expense)	**(21)**	(68)	**3**	(121)
Exploration expense	**(38)**	(194)	**(162)**	(312)
Finance	**(104)**	(191)	**(743)**	(533)
Impairment	**–**	**–**	**(1,720)**	–
Transaction costs	**–**	**–**	–	(14)
Deferred tax recovery	**–**	**–**	–	91
Net loss and comprehensive loss	**(1,558)**	(1,072)	**(6,728)**	(2,147)
$ Per Boe				
Petroleum & natural gas revenue	**21.48**	20.52	**21.94**	21.20
Royalties	**(2.79)**	(2.28)	**(3.10)**	(2.35)
Net operating expenses [1]	**(18.92)**	(11.64)	**(18.86)**	(15.98)
Transportation	**(1.06)**	(0.60)	**(1.13)**	(0.66)
Operating netback income (loss) [1]	**(1.28)**	6.00	**(1.15)**	2.21
General and administrative	**(12.60)**	(5.94)	**(8.31)**	(8.63)
Depletion and depreciation	**(12.04)**	(9.22)	**(9.79)**	(10.18)
Gain (loss) on acquisition/disposal	**–**	2.16	**(0.08)**	10.67
Share-based compensation recovery (expense)	**(0.39)**	(0.76)	**0.01**	(0.56)
Exploration expense	**(0.71)**	(2.16)	**(0.76)**	(1.46)
Finance	**(1.93)**	(2.12)	**(3.47)**	(2.48)
Impairment	–	–	**(8.03)**	–
Transaction costs	–	–	–	(0.07)
Net loss and comprehensive loss per boe	**(28.95)**	(12.04)	**(31.56)**	(10.50)

(1) See definition under "Non-GAAP Measures" section contained within this MD&A, and as calculated below.

RESULTS OF OPERATIONS

	Three months ended September 30		Nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Production				
Crude oil (bbl/d)	**160**	163	**157**	131
NGLs (bbl/d)	**64**	109	**68**	74
	224	272	**225**	205
Natural gas (mcf/d)	**2,166**	4,235	**2,679**	3,481
Boe/d	**585**	977	**671**	785
Percentage crude oil and NGLs	**38%**	27%	**33%**	26%
Selected Benchmark Prices & Exchange Rates(1)				
WTI oil (US$/bbl) (2)	**56.45**	69.50	**57.06**	66.75
WTI oil (CAD$/bbl)	**74.55**	90.84	**75.86**	86.01
Canada Light Sweet (CAD$/bbl) (3)	**68.24**	81.95	**69.43**	78.27
Henry Hub NYMEX (US$/MMbtu) (2)	**2.23**	2.90	**2.67**	2.90
AECO natural gas (CAD$/Mcf) (3)(5)	**0.91**	1.19	**1.52**	1.48
CAD$/US$ exchange rate	**1.3207**	1.3070	**1.3292**	1.2877
Point Loma Realized Prices				
Crude oil and NGLs ($/bbl)				
Crude oil	**57.63**	66.39	**56.99**	66.44
NGLs	**19.91**	43.47	**24.34**	44.79
Crude oil and NGLs ($/bbl)	**46.77**	57.21	**47.15**	58.63
Natural gas ($/mcf)	**0.96**	1.09	**1.54**	1.34
Equivalent ($/boe)	**21.48**	20.52	**21.94**	21.20

(1) The benchmark prices do not reflect Point Loma realized sales prices, as price differentials, commodity contracts, and transportation costs incurred after title passes would affect 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 benchmark prices were changed from those disclosed in the Q3-2018 MD&A to provide a comparative from the same source.
(5) AECO 5 A monthly index

Production

The Company's production was 585 boe/d during Q3-2019, down 40% from Q3-2018, primarily due to lower gas production as wells were shut in due to low gas prices.

YTD-2019, production decreased 15% to 671 boe/d, compared to 785 boe/d for YTD-2018, primarily due to lower gas production as wells were shut in due to low gas prices

Realized Prices

Prices realized by Point Loma for crude oil in Q3-2019 were 12% lower than Q3-2018 ($57.63 versus $66.39 per bbl), NGL prices were 53% lower ($19.91 versus $43.47 per bbl) and natural gas prices were 11% lower than Q3-2018 ($0.96 versus $1.09 per mcf).

On a YTD basis, crude oil prices realized were 14% lower than YTD-2018 ($56.99 versus $66.44 per bbl), NGL prices were 46% lower than YTD-2018 ($24.34 versus $44.79) and natural gas prices were 15% higher than YTD-2018 ($1.54 versus $1.34 per mcf).

Revenue

	Three months ended September 30		Nine months ended September 30	
($ thousands, except as indicated)	**2019**	**2018**	**2019**	**2018**
Crude oil	**846**	994	**2,439**	2,374
NGLs	**118**	426	**450**	905
Crude oil and NGLs	**964**	1,420	**2,889**	3,279
Natural gas	**192**	434	**1,130**	1,277
Total petroleum and natural gas revenue	**1,156**	1,854	**4,019**	4,556
Point Loma average prices				
Crude oil ($/bbl)	**57.63**	66.39	**56.99**	66.44
NGLs ($/bbl)	**19.91**	43.47	**24.34**	44.79
Crude oil and NGLs ($/bbl)	**46.77**	57.21	**47.15**	58.63
Natural gas ($/mcf)	**0.96**	1.09	**1.54**	1.34
Equivalent ($/boe)	**21.48**	20.52	**21.94**	21.20

Crude oil and Ngls

Crude oil and Ngl revenue for Q3-2019 was $1.0 million based on production of 224 bbls per day and an average crude oil and Ngl realized price of $46.77 per bbl. Crude oil and Ngls represented approximately 38% of Q3-2019 production and 83% of petroleum and natural gas revenue.

Crude oil and Ngl revenue for Q3-2018 was $1.4 million based on production of 272 bbls per day and an average crude oil and Ngl realized price of $57.21 per bbl. Crude oil and Ngls represented approximately 27% of Q3-2019 production and 77% of petroleum and natural gas revenue.

Crude oil and Ngl revenue for YTD-2019 was $2.9 million based on production of 225 bbls per day and an average crude oil and Ngl realized price of $47.15 per bbl. Crude oil and Ngls represented approximately 33% of YTD-2019 production and 72% of petroleum and natural gas revenue.

Crude oil and Ngl revenue for YTD-2018 was $3.3 million based on production of 205 bbls per day and an average crude oil and Ngl realized price of $58.63 per bbl. Crude oil and Ngls represented approximately 26% of YTD-2018 production and 72% of petroleum and natural gas revenue.

Natural Gas

Natural gas revenue for the Quarter was $0.2 million based on production of 2.2 mmcf per day and a realized natural gas price of $0.96 per mcf. Natural gas represented approximately 62% of Q3-2019 production volume and 17% of petroleum and natural gas revenue.

Natural gas revenue for the Q3-2018 $0.4 million based on production of 4.2 mmcf/d and a realized natural gas price of $1.09 per mcf. Natural gas represented approximately 73% of Q3-2018 production volume and 23% of petroleum and natural gas revenue.

Natural gas revenue for YTD-2019 was $1.1 million based on production of 2.7 mmcf/d and a realized natural gas price of $1.54 per mcf. Natural gas represented approximately 67% of YTD-2018 production volume and 28% of petroleum and natural gas revenue.

Natural gas revenue for YTD-2018 was $1.3 million based on production of 3.5 mmcf/d and a realized natural gas price of $1.34 per mcf. Natural gas represented approximately 74% of YTD-2018 production volume and 28% of petroleum and natural gas revenue.

Physical commodity price contracts and risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices.

Prices realized for oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also local, regional and world economic events as well as the ability to access markets to enable product to be sold, that can affect supply and demand levels. Changes in commodity prices can expose the Company to fluctuations in its net earnings. Commodity prices changes will impact revenues reported.

The Company does not have any foreign currency hedge contracts in place as at September 30, 2019.

The Company entered into physical delivery sales contracts in order to manage the exposure to market risks from fluctuations in commodity prices. These instruments are not used for trading or speculative purposes, and all were completed by March 31, 2019.

The Company has accounted for its physical delivery sales contracts, which were entered for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements as executory contracts. As such, these contracts are not considered to be derivative financial instruments and have not been recorded at fair value on the statement of financial position.

Settlements on these physical contracts are recognized in revenue. During Q3-2019, no contracts were in effect. YTD-2019, the Company recognized a loss of $45 thousand relating to these contracts.

Royalties

	Three months ended September 30		Nine months ended September 30	
($ thousands, except as indicated)	**2019**	**2018**	**2019**	**2018**
Crown	**18**	78	**140**	201
Freehold and GORR	**132**	127	**428**	302
Total royalties	**150**	205	**568**	503
Percentage of revenue	**13%**	11%	**14%**	11%
$/boe	**2.79**	2.28	**3.10**	2.35

Royalties are either paid or taken in kind and are payable to third parties, land and mineral rights owners and to the provincial governments. The royalty terms of mineral rights and provincial rates impact the overall rate.

In Q3-2019, royalty rates as a percentage of revenue increased to 13% from 11%, primarily as a result of Gas Cost Allowance adjustments that were received and recorded during the Quarter.

YTD, royalty rates as a percentage of revenue increased to 14% from 11%, primarily as a result of Gas Cost Allowance adjustments that were received and recorded during the Quarter and increased freehold royalties.

Operating and Transportation Expenses

	Three months ended September 30		Nine months ended September 30	
($ thousands, except as indicated)	**2019**	**2018**	**2019**	**2018**
Operating expenses	**1,120**	1,074	**3,876**	3,726
Less: Processing income	**(102)**	(28)	**(422)**	(302)
Net Operating expenses	**1,018**	1,046	**3,454**	3,424
$/boe	**18.92**	11.64	**18.86**	15.98
Transportation costs	**57**	54	**207**	142
$/boe	**1.06**	0.60	**1.13**	0.66

Processing income relates to revenue earned through third party usage of the Company's processing facilities, primarily at Whitecourt.

In Q3-2019, net operating costs per boe were consistent with Q1-2019 and Q2-2019 of $18.81 and $18.90 per boe, respectively. Q3-2018 costs per boe were impacted by an under accrual pre-dominantly related to non-operated properties, which was recognized in Q4-2018.

YTD-2019, net operating costs per boe were $18.86 compared to $15.98 in YTD-2018. The Q3-2018 under accrual resulted in the lower YTD-2018 per boe amount.

General and Administrative ("G&A")

	Three months ended September 30		Nine months ended September 30	
($ thousands, except as indicated)	**2019**	**2018**	**2019**	**2018**
Gross G&A	**682**	708	**2,008**	2,443
Overhead recoveries	**(4)**	(174)	**(228)**	(593)
Net G&A	**678**	534	**1,780**	1,850
$/boe	**12.60**	5.94	**8.31**	8.63

Gross G&A in Q3-2019 decreased from Q3-2018 by 6% as a result of fewer employees.

YTD-2019 gross G&A decreased by 18% from YTD-2018 as a result of a combination of fewer employees and salary reductions implemented in Q2-2019.

Overhead recoveries during Q3-2019 and YTD-2019 decreased by 98% and 62%, respectively, as a result of reduced recoveries from joint arrangements compared to Q3-2018 and YTD-2018.

Net G&A expenses were $0.7 million ($12.60 per boe) for Q3-2019 versus $0.5 million ($5.94 per boe) for Q3-2018, an increase of 27% (112% per boe). The increase in net G&A primarily a result of reduced overhead recoveries.

Net G&A expenses were $1.8 million ($8.31 per boe) for YTD-2019 versus $1.9 million ($8.63 per boe) YTD-2018, a decrease of 4% (4% per boe). The reduction in net G&A on a per boe basis for YTD-2019 was primarily due to lower net G&A YTD-2019.

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 decreased 22% to $0.6 million ($12.04 per boe) in Q3-2019, compared to $0.8 million ($9.22 per boe) in Q3-2018, due to an impairment of $1.7 million taken in the prior quarter as well as a 40%

decrease in production in Q3-2019 compared to Q3-2018.

Depletion and depreciation expense decreased 4% to $2.1 million ($9.79 per boe) for YTD-2019, compared to $2.2 million ($10.18 per boe) for YTD-2018.

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. During Q3-2019 and YTD-2019, nil and 460,000 stock options were forfeited, resulting in 3,280,000 options outstanding at September 30, 2019. Share-based compensation for Q3-2019 and YTD-2019 was a $0.02 million expense and a recovery of $3 thousand, respectively (Q3-2018 and YTD-2018 – recovery of $0.07 million and expense of $0.1 million).

Exploration

Exploration expense relates to lease expirations and/or surrenders where future development is not anticipated, net of those actually renewed where expiry was initially anticipated, as well as a provision for those lands where future development is not anticipated. In Q3-2019, $0.04 million has been recorded as exploration expense, compared to a $0.2 million recorded in Q3-2018. YTD-2019, $0.2 million has been recorded as exploration expense (YTD-2018 - $0.3 million).

Finance

	Three months ended September 30		Nine months ended September 30	
($ thousands, except as indicated)	**2019**	**2018**	**2019**	**2018**
Interest – convertible debentures	**18**	19	**56**	56
Other interest expense (income)	**–**	1	**38**	(1)
Accretion – convertible debentures	**48**	43	**139**	128
Accretion – decommissioning obligations	**28**	128	**480**	350
Accretion – lease obligations	**3**	–	**13**	–
Interest related to flow-through share obligations	**7**	–	**17**	–
Total	**104**	191	**743**	533

Accretion expense is associated with the time value of money impact on decommissioning obligations, convertible debenture liabilities, and lease obligations.

As these liabilities are recorded at discounted values, their carrying amounts accrete up to the undiscounted value on the date payment is required. Interest and accretion of convertible debentures amounted to $0.05 million and $0.1 million in Q3-2019 and YTD-2019, respectively, consistent with $0.04 million and $0.1 million in Q3-2018 and YTD-2018, respectively. Accretion on decommissioning liabilities was $0.03 million and $0.5 million in Q3-2019 and YTD-2019, respectively, compared to $0.1 million and $0.3 million during Q3-2018 and YTD-2018, respectively. Accretion associated with lease obligations began January 1, 2019 and amounted to $3 thousand and $0.01 million in Q3-2019 and YTD-2019.

Deferred Tax Recovery

Deferred tax recoveries are a result of the elimination of the deferred flow-through share premium liability upon fulfillment of the flow-through share renunciation commitments. During Q3-2019 and YTD-2019, there were no deferred tax recoveries amounted to $nil (Q3-2018 and YTD-2018 – $nil and $0.09 million).

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

	Three months ended September 30		Nine months ended September 30	
($ thousands, except as indicated)	2019	2018	2019	2018
Net income (loss)	**(1,558)**	(1,072)	**(6,728)**	(2,147)
$/share - basic [(1)]	**(0.02)**	(0.02)	**(0.09)**	(0.04)
Cash flow from (used in) operating activities	**(218)**	304	**(311)**	(488)
$/share - basic [(1)]	**(0.00)**	0.01	**(0.00)**	(0.01)
Funds flow used in operations	**(822)**	37	**(2,131)**	(1,560)
$/share - basic [(1)]	**(0.01)**	(0.01)	**(0.03)**	(0.03)

(1) There is no dilutive impact to the weighted shares number of common shares outstanding for the three or nine months ended September 30, 2019 or 2018, relating to stock options, warrants or convertible debentures.

During Q3-2019, Point Loma realized a net loss of $1.6 million (Q3-2018 – net loss $1.1 million).

YTD-2019, Point Loma realized a net loss of $6.7 million (YTD-2018 - $2.1 million).

CAPITAL EXPENDITURES

	Three months ended September 30		Nine months ended September 30	
($ thousands, except as indicated)	2019	2018	2019	2018
Exploration and evaluation (“E&E”) assets				
Land costs	**17**	27	**82**	71
Seismic	**–**	–	**–**	607
	17	27	**82**	678
Property, plant and equipment (“PP&E”)				
Drilling and completions	**35**	3	**247**	270
Plant and equipment	**12**	–	**669**	754
Other	**–**	7	**(2)**	7
	47	10	**914**	1,031
Total capital expenditures [(1)]	**64**	37	**996**	1,709

(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 economic feasibility by management and proved or probable reserves. Additions represent the Company’s share of costs incurred on E&E assets during the period. E&E spending Q3-2019 and YTD-2019 has been minimal. YTD-2018 expenditures related mainly to seismic additions during that period.

PP&E

In Q3-2019, the Company incurred approximately $0.05 million on PP&E. YTD-2019 spending of $0.9 million was mainly attributable to the completion of the testing of the first Wizard Lake well and the related construction of production facilities.

In Q3-2018, the Company spent a negligible amount on PP&E. YTD-2018, Point Loma spent $1.0 million on PP&E for completion and re-completion work.

DECOMMISSIONING OBLIGATIONS ("ARO")

At September 30, 2019, Point Loma has recorded ARO of $26.8 million for the future abandonment and reclamation of Point Loma's properties. ARO calculations include assumptions in respect of actual costs to abandon wells or reclaim the properties, the time frame in which such costs will be incurred, as well as annual inflation factors and the discount rate to be applied.

At September 30, 2019, the estimated total undiscounted, inflation-adjusted amount of cash flows required to settle the Company's obligations were approximately $32.5 million (December 31, 2018 – $33.5 million), after applying an inflation rate of 2.2% (December 31, 2018 – 2.2%). The discount rate applied at September 30, 2018 to arrive at the final liability recorded was 1.65% (December 31, 2018 – 2.1%).

If the discount rate applied to decommissioning liabilities was applied utilizing a credit adjusted rate of 12%, the decommissioning liability recorded on the statement of financial position at September 30, 2019 would be reduced by approximately $17.4 million.

COMMON SHARES, WARRANTS AND STOCK OPTIONS

	Common Shares	Warrants	Stock Options
December 31, 2018	71,509,755	6,371,135	3,740,000
Issued or granted	17,526,645	18,528,466	–
Forfeited	–	–	(460,000)
September 30, 2019 and November 26, 2019	**89,036,400**	**24,899,601**	**3,280,000**

During Q1-2019, the Company issued 109,649 common shares at a price of $0.228 in settlement of a litigation claim associated with geological consulting work completed prior to 2016.

During Q2-2019, the Company entered into debt settlement agreements with certain arm's length parties to settle trade payables in the sum of $634,000 in consideration for the issuance of 3,523,613 units where each unit is comprised of one common share in the capital of the Corporation and one common share purchase warrant of the Corporation. Each warrant is exercisable into one common share at a price of $0.22 per share with a one-year term.

During Q3-2019 Point Loma closed a private placement whereby $1.7 million in gross cash proceeds ($1.4 million net proceeds) was raised through a combination of a Unit offering and a flow-through share offering. 7,000,050 Units were issued at a price of $0.115 per common share, 6,060,000 CEE Units were issued at a price of $0.125 per flow-through common share and 833,333 CDE Units were issued at a price of $0.12 per flow-through common share. Each Unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant can be exchanged for one common share at a price of $0.155 per share for a period of 36 months following the closing date of the offering.

YTD-2019, 460,000 stock options were forfeited, resulting in a total number of outstanding options of 3,280,000 or 4.4% of outstanding common shares at September 30, 2019. At September 30, 2019, the weighted average exercise price of the options outstanding was $0.37 per share, and 2,031,668 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.

COMMITMENT AND CONTINGENCIES

a. On September 27, 2019, the Company issued 6,060,000 CEE Units at a price of $0.125 per flow-through common share for total gross proceeds of $0.8 million. The proceeds must be incurred on eligible flow-through capital expenditures prior to December 31, 2020. The Company also issued 833,333 CDE Units at a price of

$0.12 per flow-through common share for total gross proceeds of $0.1 million. The proceeds must be incurred on eligible flow-through capital expenditures prior to December 31, 2019. As at September 30, 2019, no amounts have been expended, leaving the full commitment outstanding at September 30, 2019. Should this expenditure commitment not be satisfied, the Company will have a further requirement to indemnify the flow-through shareholders for their tax costs plus any penalties, which are dependent on each individual's tax scenario.

b. On October 25, 2018, the Company issued 4,356,059 flow-through common shares at a price of $0.33 per Common Share for total gross proceeds of $1.44 million. The proceeds must be incurred on eligible flow-through capital expenditures prior to December 31, 2019. As at September 30, 2019, no amounts have been expended, leaving the full commitment outstanding at September 30, 2019. There is no assurance that these capital expenditures will be satisfied by December 31, 2019. Should this expenditure commitment not be satisfied, the Company will have a further requirement to indemnify the flow-through shareholders for their tax costs plus any penalties, which are dependent on each individual's tax scenario.

c. The Company was a party to a 2017 office lease which has been terminated, and is a party to a number of vendor related contingencies whose resolution are not known at this time. The contract associated with the 2017 office lease could result in an incremental liability amounting to $1.5 million, subject to mitigation on the part of the lessor. No amounts have been recorded at September 30, 2019 associated with this incremental liability. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and their outcome could have a significant effect on the Company's assets, liabilities, business, financial condition and results of operations.

LIQUIDITY AND CAPITAL RESOURCES

Capitalization

($ thousands, except as otherwise noted)	**September 30 2019**
Number of common shares outstanding	**89,036,400**
Market price ($/share) at September 30, 2019	**0.11**
Market capitalization	**9,794**
Working capital deficiency	**5,440**
Convertible debentures including interest	**2,478**
Total capitalization	**17,712**

Capital Funding

As at September 30, 2019, 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.

Liquidity

The Company relies on funds flow from operations, equity and debt securities issuances and non-core property sales to fund its capital requirements and provide liquidity.

The Company's working capital deficiency at September 30, 2019 is $5.4 million. Included in the Company's working capital deficiency are current accounts payable of $9.1 million. Funds flow used in operations were $0.8 million and $2.1 million for Q3-2019 and YTD-2019.

Rationalization of assets, future share issuances, private placements, operating lines or other borrowing facilities, restructuring of existing payables, non-core property sales, increases in production, improvements in realized oil and gas prices received and/or a combination of these alternatives will be required to fulfill the above noted liabilities. The Company is actively pursuing each of these options, taking into consideration the cost/benefit associated with each. See further discussion in the Going Concern section.

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ACCOUNTING POLICIES

For further details regarding the Company's critical accounting judgments, estimates and accounting policies, the following should be read in conjunction with the Company's financial statements for the year ended December 31, 2018.

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 include:

- Business Combinations – fair value estimates of assets and liabilities acquired
- Estimation of oil and gas reserves and prices
- Depletion - unit of production method for calculations
- Decommissioning obligations – estimation of amount and timing of expenditures as well as applicable discount rate
- Share-based compensation – estimates of ultimate payout, stock price volatility and forfeiture rates
- Financial instruments – estimation of fair values of instruments
- Estimation of collectability of accounts receivable
- Estimation of incremental borrowing rate, which determines the discount rate required for right-of-use asset and lease obligation calculations
- Estimation of lease terms including extensions, which impacts the calculations of right-of-use assets and lease obligations
- Estimates of likelihood and quantification of amounts recorded and/or disclosed regarding contingent liabilities

Judgement is required in the decisions made in preparing the financial statements in the following areas:

- Determination of whether indicators of impairment exist and/or if impairment reversal conditions exist
- Determination of recoverability of asset carrying values
- Assessment of whether underlying price and discount rates associated with reserve values need adjustment for changed conditions, and if so, by how much
- Determination of whether E&E assets are commercially viable and ready to move to PP&E
- Assessment of joint arrangements as joint operations or joint ventures
- Deferred income tax asset likelihood of realization
- Liquidity

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:

Capital Commitments
The Company is committed to flow-through share expenditures of $1.5 million prior to December 31, 2019 with a further $0.8 million required to be spent by December 31, 2020 based on flow-through issuance completed in October 2018 and September 2019, none of which has been expended to September 30, 2019. There is no assurance the Company will be able to fulfill this commitment.

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 and natural gas prices compared to United States benchmark prices 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 physical and/or derivative price contracts.

As 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, these 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 and 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 costlier 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. Further, the government of Canada has passed legislation associated with the imposition of a carbon tax regime. As it is currently unclear how the provincial and federal programs will collectively impact Point Loma, and/or what impact the outcome of the April 2019 provincial election will have on these initiatives, management of Point Loma continues to assess the implications that these programs will have on the Company.

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 it operates.

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. This may or may not 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

	2019			2018				2017
	Q3	Q2	Q1	Q4	**Q3**	Q2	Q1	Q4
	92	91	90	92	92	91	90	92
Production								
Crude oil (bbls/d)	**160**	169	141	129	**163**	125	104	107
NGL's (bbls/d)	**64**	69	70	72	**109**	79	34	39
Crude oil & NGLs	**224**	238	211	201	**271**	204	138	146
Natural gas (mcf/d)	**2,166**	2,827	3,053	3,266	**4,235**	3,378	2,815	2,771
Equivalent (boe/d)	**585**	709	720	745	**977**	768	607	608
% crude oil and NGLs	**38**	34	29	27	**28**	27	23	24
Financial ($ thousands unless otherwise noted)								
Crude oil revenue	**846**	891	703	350	**995**	822	560	566
Ngl revenue	**118**	138	194	195	**435**	320	150	188
Crude oil & NGL revenue	**964**	1,029	897	545	**1,430**	1,142	710	754
Natural gas revenue	**192**	306	631	620	**426**	360	491	360
Petroleum and natural gas revenue	**1,156**	1,335	1,528	1,165	**1,855**	1,502	1,201	1,114
Net income (loss)	**(1,558)**	(3,580)	(1,590)	(11,761)	**(1,072)**	505	(1,579)	(4,365)
Per share - basic and diluted ($/share)	**(0.02)**	(0.05)	(0.02)	(0.17)	**(0.02)**	0.01	(0.03)	(0.10)
Cash flow from (used in) operating activities	**(218)**	337	(430)	(2,300)	**304**	145	(936)	(1,368)
Funds flow from (used in) operations	**(822)**	(820)	(491)	(2,238)	**37**	(688)	(908)	(1,566)
Per share - basic and diluted ($/share)	**(0.01)**	(0.01)	(0.01)	(0.03)	**(0.01)**	(0.01)	(0.02)	(0.04)
Working capital (deficiency)	**(5,440)**	(6,193)	(5,282)	(4,378)	**(2,819)**	(2,990)	(2,223)	(371)
Total assets	**33,385**	32,956	34,821	34,889	**41,639**	41,548	35,138	36,100
Capital expenditures	**64**	589	343	3,215	**38**	59	1,612	2,595
Principal amount of convertible debentures	**2,500**	2,500	2,500	2,500	**2,500**	2,500	2,500	2,500
Weighted average shares - basic	**75,596**	71,852	71,618	68,708	**60,713**	55,245	54,900	43,556
Common shares outstanding	**89,036**	75,143	71,619	71,510	**61,199**	60,323	55,131	52,533
Sales prices realized								
Crude oil ($/bbl)	**57.63**	57.80	55.39	29.62	**66.46**	72.36	59.49	57.69
NGL ($/boe)	**19.91**	21.83	30.79	29.55	**43.57**	44.54	49.76	51.95
Crude oil and NGL ($/boe)	**46.77**	47.04	46.20	29.60	**57.29**	61.58	57.12	56.15
Natural Gas ($/Mcf)	**0.96**	1.19	2.30	2.06	**1.09**	1.17	1.94	1.41
Total equivalent	**21.48**	20.70	23.59	17.00	**20.63**	21.52	21.97	19.92

The oil and gas exploration and production industry is cyclical. Point Loma's financial position, results of operations and cash flows are principally impacted by production levels and commodity prices. Point Loma has generally had production growth over the last two years, mainly attributable to acquisitions of producing properties together with exploration and development activities undertaken, offset by shut-in conditions due to commodity price reductions. Commodity price fluctuations can indirectly impact expected production by changing the amount of funds available to reinvest in exploration, development and acquisition activities. Changes in commodity prices impact revenue and cash flow available for exploration, and also the economics of potential capital projects as low commodity prices can potentially reduce the quantities of reserves that are commercially recoverable. The Company's capital program is dependent on cash flow generated from operations and access to capital markets.

Over the past eight quarters, production revenues have fluctuated largely due to the volatility of commodity prices and changes in production volumes. Net income (loss) in the past eight quarters has fluctuated from a net loss of $11.8 million in the fourth quarter of 2018 to net income of $0.5 million in the second quarter of 2018. These fluctuations are primarily influenced by commodity prices, impairment charges and exploration expenses, gains and losses on the acquisition and disposition of assets, as well as gains and losses on business combinations.

Q4-2018 was severely impacted by the differential on crude oil prices, where Point Loma's realized $/boe went to

$29.62, which is the lowest realized price received in the eight quarters presented, and is 46% lower than the average realized $/boe of $54.97 for the same eight quarters. Impairment recorded in Q4-2018 was $8.4 million, which reflected the overall reduced price deck scenario faced by the Company.

Q1-2019 showed a lift in revenues as the production curtailments initiated by the Alberta government on large producers provided some relief to Point Loma, with realized crude oil prices increasing to $55.39/boe, close to the eight quarter price average.

Q2- 2019 loss of $3.6 million and the resulting $0.8 million of funds used in operations reflected the decrease in revenues mainly as it related to natural gas price decreases. Further, impairment recorded in Q2-2019 of $1.7 million was due to the trigger that resulted from the reduced natural gas price forecast.

The loss of $1.5 million and the resulting $0.8 million of funds used in operations in Q3-2019 reflected the decrease in revenues mainly as it related to natural gas price decreases.

The growth in the working capital deficiency over the eight quarters is a result of reduced access to capital and lower commodity prices.

CHANGES IN ACCOUNTING POLICIES AND RECENT PRONOUNCEMENTS

In January 2016, the IASB issued IFRS 16, "Leases “("IFRS 16"), which replaced IAS 17. IFRS 16 requires entities recognize right-of-use assets and corresponding lease obligations for most leases with fixed payment terms, effective January 1, 2019. Point Loma used the modified retrospective approach (simplified method) whereby the cumulative effect of initially applying the standard was recognized as an increase to right-of-use assets amounting to $212 thousand, with a corresponding increase to lease obligations (non-current portion of $184 thousand included in lease obligations, and current portion of $158 thousand included in accounts payable and accrued liabilities), offset by an opening equity adjustment of $131. The weighted average incremental borrowing rate used to determine the lease obligation at adoption was 12%. The impacted lease agreements relate to the Company’s head office lease in Calgary and long-term leases for compressors.

Further, and as a result of the transition, an equity adjustment of $147 thousand was required on January 1, 2019 to remove the lease inducement liability previously recorded under the former standard, resulting in a net adjustment to opening deficit of $16 thousand when combined with the equity adjustment noted above.

The right-of-use assets will incur depreciation expense over their life and the lease obligations will result in accretion expense, recorded as part of finance expense, and will accrete the liability up over the life of the lease term to maturity.

The adoption of IFRS 16 included the following elections:

- Retention of classification of contracts previously identified as leases under IAS 17 and IFRIC 4;
- Use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease;
- To not apply lease accounting to certain leases for which the lease term ends within 12 months of the January 1, 2019 adoption;
- To not apply lease accounting to certain leases of low value assets;
- To apply a single discount rate to a portfolio of leases with similar characteristics

The accounting policy description associated with this new standard is as follows:

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease obligation is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date.

Accretion is recognized on the lease obligation using the effective interest rate method and payments are applied against the lease obligation. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease obligation, adjusted for lease incentives received and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term.

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that impact the reported amounts of assets, liabilities, income and expenses, where actual results could differ significantly from these estimates. Key areas where management has made judgements, estimates, and assumptions related to the application of IFRS 16 include:

- Incremental borrowing rate, which is based upon judgements on the economic environment, term, currency, the underlying risk inherent to the asset in question. This estimate impacts the right-of-use recorded value, the amount of obligation accretion and asset depreciation to be recorded.
- Lease term, which involves assumptions regarding the extension terms and may vary as operations and future market conditions change.

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 and nine months ended September 31, 2019. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at September 30, 2019.

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 2019 Point Loma’s risk management plans for 2019, 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
mbbls	thousand barrels		
MMbbls	million barrels		
NGLs	Natural gas liquids		
boe	barrel of oil equivalent		
boe/d	barrel of oil equivalent per day		