

SHOAL POINT ENERGY LTD.

Price (November 1, 2011)	\$0.155
52-Week Range	\$0.61 - \$0.13
Shares O/S	212.5 million
Market Cap	\$32.9 million
Fiscal Year-End	January 31
Symbol	CNSX-SHP
Website	www.shoalpointenergy.com

Financial Data

6 Months To
31-Jul-11

Selected Balance Sheet

Cash & Equivalents	0
Bank Debt	(13,812)
Property Investments	13,859,008
Shareholders' Equity	18,816,785
Total Assets	19,833,645

Selected Income (Loss)

Revenues	1,198
Non-Discretionary G&A Expense	(1,013,489)
Net Loss	(1,012,291)
Cash Flow From Operations	(1,999,337)
Capex (Purchase of O&G Properties)	(10,999,372)

Key Ratios

Monthly Cash Burn (\$)	(168,915)
Monthly Project Development Expenses(\$)	(1,833,229)
Working Capital	4,957,777

Per Share

Loss Per Share	-\$0.05
Property Investments Book Value PS	\$0.07
Equity (Book Value) Per Share	\$0.09

Multiples

Price/Properties (times)	2.53
Price/Book Value (times)	1.86

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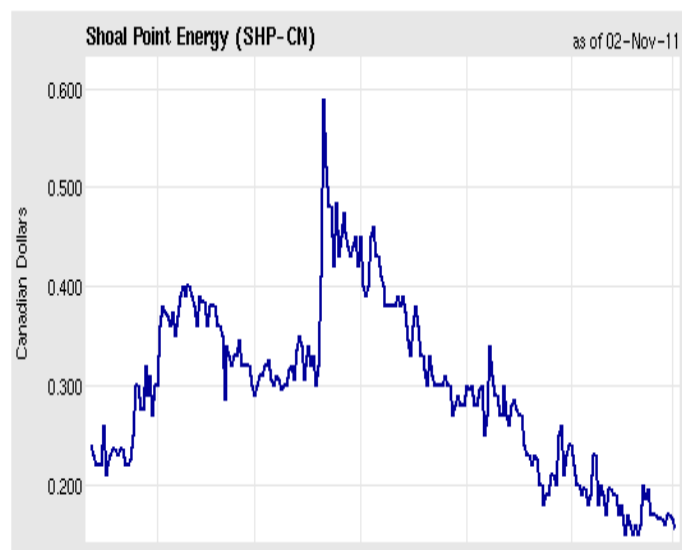


Chart courtesy of www.globeinvestor.com

PROFILE

Shoal Point Energy Ltd. (Shoal Point" or the "Company") is a petroleum exploration and development company with its head office in Toronto, Ontario, Canada. The Company was formed in December 2006 to pursue oil and gas exploration opportunities within Atlantic Canada.

The shares are quoted on the CNSX Exchange.

CORPORATE STRATEGY

In an area of western Newfoundland that has been the target of extensive exploration in the past, Shoal Point is currently focused on:

- (1) undertaking prospective exploration drilling, and
- (2) confirming the presence of material quantities of in-place oil and gas contained within a shale formation.

The Company views this prospect as being analogous to other shale oil areas in North America where the application of horizontal drilling and fracking has resulted in the production of significant quantities of oil and gas.

INVESTMENT CONSIDERATIONS

Strengths

- Holds 100% ownership position in potentially high impact development property.
- Seasoned management with extensive operational experience.
- Recently completed well now undergoing testing pursuant to the issuance of a NI 51-101 resource estimate and a TSX listing.

Challenges

- Development activities are capital intensive and funding challenges are ongoing.
- Dependence on equity funding results in significant dilution effect.
- Execution risks are high given complex geology on property.

CURRENT PROJECTS

A. WESTERN NEWFOUNDLAND

Oil exploration and production in western Newfoundland dates back to the 19th century when shallow drilling resulted in the production of small amounts of high-gravity sweet crude. More recently, the pursuit of deep conventional targets has resulted in the drilling of four wells beginning with the 1995 test well (Long Point M-16) drilled by Hunt Oil and PanCanadian Energy (now Encana). The well reached a depth of 3,400 meters and flowed a total of 5,012 barrels of oil and 9.2 mmcf of natural gas over a nine-day period. Production difficulties eventually led to the abandonment of the well.

In 1999 and 2008, two additional wells (Shoal Point K-39 and Shoal Point 2K-39) adjacent to the Hunt/PanCanadian well were drilled targeting similar deep conventional oil targets. While both failed to encounter conventional oil in commercial quantities, subsequent well log analysis on these and the original Hunt/PanCanadian well revealed extensive shale oil pay zones at shallower depths within the so-called Green Point formation. This prompted the drilling of a new well in 2010 (Shoal Point 3K-39) by the Company to specifically evaluate the potential of these shale oil formations.

Shoal Point currently has interests in two adjacent properties in this area.

1. Exploration License – EL 1070

This exploration license, covering an area of approximately 150,000 acres, can be developed almost entirely by land-based drilling. This play is referred to, generically, as the "Green Point Shale", although it probably includes most of the organic-rich stratigraphic unit known as the Cow Head Group. It is the area in which all four recent exploration wells have been drilled. While Shoal Point's previous development work on the property was done in partnership with Canadian Imperial Ventures, in late September 2011, Shoal Point acquired a 100% interest in this lease (see **Recent Acquisition** below).

In August 2010, AJM Consultants of Calgary completed a report which statistically quantified the possible resource available on EL 1070. Estimates for the discovered, in-place resource range from a P50 case of 1.5 billion barrels, up to a P10 case of 5.2 billion barrels.

In 2011, Shoal Point drilled a further well on the property, 3K-39, specifically to evaluate the oil-in-shale resource potential of the Green Point Shale. The well has been drilled to a depth of 1,745 meters with casing run to 1,711 meters. Preliminary results of a petrophysical analysis from NuTech Energy Alliance Ltd. for the 3K-39 well has confirmed a thick section of producible unconventional light oil. Significant hydrocarbon shows were encountered over a gross interval between the surface casing shoe at 400 metres measured depth and current drilled depth of 1,745 metres.

In September 2011, Shoal Point announced that it has engaged the services of Gaffney Cline & Associates to prepare a resource estimate report for the entirety of its Green Point oil-in-shale lands, approximating 217,298 acres, and including, subject to successful conclusion of this agreement, the 100%-owned EL 1070, and the adjoining EL 1120, on which Shoal Point will have the right to earn an 80% working interest. This initial report is anticipated to be completed by November 2011.

The above study will also be integrated into an updated National Instrument 51-101 report by Gaffney Cline, which will allow the Company to apply for a listing on The Toronto Stock Exchange by the end of the year.

The next stage will include deepening the well to an anticipated depth of 2,200 metres to: (1) conduct bottom hole testing of potentially oil-bearing carbonate-rich units, as correlated with other wells in the area; and (2) permit the perforation of highly-fractured units, which indicate hydrocarbons from logs, cores, drill cuttings, and permeability from a successful short-term open-hole closed-chamber test. The drilling and testing operation is expected to take up to five weeks to complete, and commence by the middle of November 2011.

(2) Exploration License - EL 1120

In April 2011, Shoal Point announced completion of a farm-in agreement with Ptarmigan Energy Inc. (Ptarmigan Energy) of St. John's, Nfld., with respect to exploration license EL 1120, in western Newfoundland. Under the terms of the farm-in agreement, Shoal Point will have the right to earn into the shallow rights within a certain area of exploration license EL 1120 (farm-out lands), by paying to Ptarmigan Energy a total of \$1.8-million, and by drilling a test well to assess the petroleum potential of the Green Point formation on or before December 31, 2012. Once Shoal Point has completed the earning requirements by making the aforementioned payments, and by drilling the test well, the Company will earn an 80% working interest in the shallow rights within the farm-out lands, with Ptarmigan Energy retaining a 20% working interest.

Shallow rights, for the purpose of this agreement, are defined as all strata lying stratigraphically and structurally above the Ordovician carbonate platform, and include the Green Point formation and other organic-rich rocks lying within the Cow Head Group, and equivalents, within the Humber Arm Allochthon.

Farm-out lands encompass an area of approximately 67,285 acres (27,230 hectares) which forms a seven-kilometre-wide band along the coastline defining the eastern border of EL - 1120.

B. NEW BRUNSWICK

Conventional and Unconventional Gas, South Stoney Creek

The Company holds a 6 - 14 % interest in the South Stoney Creek exploration lands, operated by Contact Exploration, Inc., covering approximately 40,000 acres, and situated approximately 20 km south of Moncton, New Brunswick, within the Moncton Subbasin.

RECENT ACQUISITION

Acquisition of Canadian Imperial Ventures Remaining Interests in West Newfoundland

On September 26, 2011 Shoal Point agreed to acquire all of Canadian Imperial Venture Corp's ("CIVC") interest in the West Newfoundland Green Point Oil-In-Shale project. Shoal Point has agreed to pay to CIVC 20 million common share units (subject to a four-month hold), with each unit comprising one common share and one-half common share purchase warrant at \$0.40 for two years as well as \$500,000 in cash over six months. In addition, all debts owing to Shoal Point by CIVC in respect of Well 3K-39, of approximately \$2.6 million, will be cancelled. The transaction closed on October 26, 2011.

The transaction gives Shoal Point a 100% working interest in the shallow rights covering the approximately 150,000 acres of Green Point shale in EL 1070, and an 80% working interest in the 67,298 acres of Green Point shale in EL 1120 upon satisfying the terms of the Farm-in Agreement with Ptarmigan Energy Ltd. Shoal Point will also be free to acquire other property interests in the area on its own.

FINANCIAL

For the six months ended July 31, 2011, the Company reported a comprehensive net loss of just over \$1 million. The cash position as of that date was an overdraft of \$13,812.

OUTLOOK

The independent analysis of well logs from several wells in the Green Point Shale area have revealed not only the presence of a thick shale that combines both conventional and shale-oil features, but also the presence of large-scale faults and fracturing in the field. This fracturing should provide a natural permeability network to complement the artificial stimulation of the formation, when commercial production commences. While the commercial viability of this prospect has yet to be confirmed, the Company is committed to completing further well-testing and drilling to reach such a determination. Meeting these obligations is dependent on the Company securing additional funding in the near future as the Company currently has insufficient cash resources.

The anticipated issuance of a NI 51-101 resource estimate and TSX listing later this year, which opens share ownership to non-resident investors, represent near-term positive catalysts.

SHARE STRUCTURE

As of October 26, 2011

Issued and Outstanding Shares (Basic)	212,510,103
Warrants	50,442,476
Stock Options	<u>15,175,000</u>
Fully Diluted Shares	278,127,579

The warrants have exercise prices ranging from \$0.25 to \$1.00, and the stock options are exercisable in the \$0.25 to \$0.50 range. If all warrants and options were exercised, the Company would receive total funds of \$23,896,029.

MANAGEMENT & DIRECTORS

George Langdon - President
Norman Davidson Kelly - Vice President, Director
R. Brian Murray - Chief Financial Officer, Director
Russell Compton - Senior Operations Manager

Donald R Sheldon - Director
Howard Hanick - Director
John Ashley Clarke - Director

CORPORATE INFORMATION

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Analyst Affirmation: I, Eugene Bukoveczky, and I, Bob Weir, hereby state that, at the time of issuance of this research report, I do not own, directly or indirectly, any shares of Shoal Point Energy Ltd.

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