



SHOAL POINT ENERGY LTD.

(An Exploration Stage Enterprise)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS (PREPARED BY MANAGEMENT)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED OCTOBER 31, 2011 AND 2010**

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Notice to Reader – From Shoal Point Energy Ltd.

The interim unaudited consolidated financial statements of Shoal Point Energy Ltd. (the “Company”) including the accompanying consolidated statements of financial position as at October 31, 2011 and January 31, 2011 and the consolidated statements of operations and comprehensive loss and cash flows for the three month periods ended October 31, 2011 and 2010 are the responsibility of the Company’s management. The interim unaudited consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgements and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards for interim consolidated financial statements.

The interim unaudited consolidated financial statements as at and for the three month period ended October 31, 2011 have not been reviewed by the Company's auditors.

SHOAL POINT ENERGY LTD.

(An Exploration Stage Enterprise)

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**AS AT**


(Unaudited)

	October 31, 2011	January 31, 2011
ASSETS		
Current		
Cash	\$ 511,510	\$ 430,516
Accounts receivable, (Note 6)	779,739	1,032,185
Prepaid expenses and deposit	1,089,850	4,281,702
	2,381,099	5,744,403
PROPERTY AND EQUIPMENT, (Note 7)	23,609,256	3,209,480
	\$ 25,990,355	\$ 8,953,883
LIABILITIES		
Current		
Accounts payable and accrued liabilities	1,124,444	1,093,259
Unrenounced flow-through premium	929,763	-
	2,054,207	1,093,259
SHAREHOLDERS' EQUITY		
Share capital, (Note 8(a))	\$ 47,439,096	29,834,319
Contributed surplus	2,411,191	2,152,846
Deficit	(25,914,139)	(24,126,541)
	23,936,148	7,860,624
	\$ 25,990,355	\$ 8,953,883

COMMITMENTS AND CONTINGENCIES, (Note 9)**SUBSEQUENT EVENTS,**

Approved on behalf of the board:


 President


 CFO

The accompanying notes are an integral part of these interim consolidated financial statements.

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**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED OCTOBER 31,
(Unaudited)**

	Three Months		Nine Months	
	2011	2010	2011	2010
Expenses				
Office, general and administrative	\$ 147,944	\$ 73,052	\$ 354,840	\$ 244,081
Directors' fees	2,000	10,000	3,000	35,000
Management fees, (Note 11)	90,000	86,500	195,400	251,500
Consulting fees	212,520	82,500	584,484	128,000
Stock-based compensation, (Note 8(b))	177,853	-	268,016	-
Professional fees	132,427	90,821	171,518	169,297
Amortization	384	335	1,152	1,005
Rent	16,722	14,074	53,685	39,237
Part XII.6 interest and taxes	-	-	510	-
Accretion expense	-	-	160,734	-
Loss from operations	780,161	357,282	1,793,650	868,120
Flow-through shares renunciation	(4,800)	-	(4,800)	(14,000)
Interest and other income	(54)	(6)	(1,252)	(150,006)
Net loss and comprehensive loss for the period	(775,307)	(357,276)	(1,787,598)	(704,114)
Loss per share				
Basic and fully diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	182,248,694	75,109,129	168,444,866	75,109,129

The accompanying notes are an integral part of these interim consolidated financial statements.

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**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED OCTOBER 31, 2011 and 2010**
(Unaudited)

	Share capital		Contributed Surplus	Equity portion of Convertible debt	Deficit	Total
	Number of shares	Amount				
Balance, February 1, 2010 (Note 3)	75,109,129	\$ 16,010,316	\$ 632,018	\$ 460,546	\$ (19,731,092)	\$ (2,628,212)
Share issued - Debt settlement	3,154,545	694,000	-	-	-	694,000
Net loss for the period	-	-	-	-	(704,114)	(704,114)
Balance, October 31 2010 (Note 3)	78,263,674	\$ 16,704,316	\$ 632,018	\$ 460,546	\$ (20,435,206)	\$ (2,638,326)
Balance, February 1, 2011 (Note 3)	139,183,497	\$ 29,834,319	\$ 2,152,846	\$ -	\$ (24,126,541)	\$ 7,860,624
Shares issued for cash (net of unrenounced flow-through premium) (Note 8(a)(i),(ii),(iii),(iv),(v))	47,874,528	14,231,784	-	-	-	14,231,784
Proceeds on exercise of warrants (Note 8(c))	5,409,862	739,448	-	-	-	739,448
Proceeds on exercise of options (Note 8(c))	200,000	59,671	-	-	-	59,671
Share issued for property (Note 8(vi))	21,000,000	3,360,000	-	-	-	3,360,000
Fair value of options (Note 8(b))	-	-	258,345	-	-	258,345
Shares issue costs (Note 8(a)(i),(ii),(iii),(iv),(v))	-	(591,660)	-	-	-	(591,660)
Fair value of warrants (Note 9)	-	247,547	-	-	-	247,547
Net loss for the period	-	-	-	-	(1,787,598)	(1,787,598)
Balance, October 31, 2011	213,667,887	\$ 47,881,109	\$ 2,411,191	\$ -	\$ (25,914,139)	\$ 24,378,161

The accompanying notes are an integral part of these interim consolidated financial statements.

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INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED OCTOBER 31,**

(Unaudited)

	Three Months		Nine Months	
	2011	2010	2011	2010
Cash flows from operating activities				
Net loss for the period	\$ (775,307)	\$ (357,276)	\$ (1,787,598)	\$ (704,114)
Adjustments not effecting cash:				
Amortization	384	335	1,152	1,005
Stock-based compensation	177,853	-	268,016	-
Deferred income tax (recovery)	-	-	-	(16,000)
Accretion expense	-	-	160,734	-
	(597,070)	(356,941)	(1,357,696)	(719,109)
Changes in non-cash working capital, (Note 10)	4,714,194	(118,079)	3,475,483	277,364
Cash flows used in operating activities	4,117,124	(475,020)	2,117,787	(441,745)
Cash flows from investing activities				
Purchase of capital assets	-	-	(3,307)	-
Acquisition of oil and natural gas properties	(6,390,632)	(49,915)	(17,037,621)	(73,624)
Cash flows used in investing activities	(6,390,632)	(49,915)	(17,040,928)	(73,624)
Cash flows from financing activities				
Issuance of common shares	2,919,585	694,000	15,595,795	696,000
Share issue costs	(120,755)	-	(591,660)	-
Cash flows provided by financing activities	2,798,830	694,000	15,004,135	696,000
Net increase (decrease) in cash	525,322	169,065	80,994	180,631
Cash, beginning of period	(13,812)	18,083	430,516	6,517
Cash, end of period	\$ 511,510	\$ 187,148	\$ 511,510	\$ 187,148

The accompanying notes are an integral part of these interim consolidated financial statements.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2011

(Unaudited)

1. REPORTING ENTITY

Shoal Point Energy Ltd. (the "Company") was incorporated on December 22, 2006 under the Business Corporations Act (Alberta). The Company was incorporated for the purpose of acquisition, exploration and development of oil and natural gas properties in Canada. On October 26, 2010, the Company filed article of continuance in Ontario under the name of Shoal Point Energy Inc.

On October 14, 2010, Allied Northern Capital Corporation ("Allied") a non-operating public enterprise, agreed on a share exchange transaction with Shoal Point Energy Inc. ("SPE"), a non-public operating enterprise, which was completed on November 9, 2010. The transaction has been accounted for as a reverse takeover acquisition, whereby SPE became a wholly owned subsidiary of Allied. On November 23, 2010, the Canadian National Stock Exchange ("CNSX") authorized the completion of the reverse takeover or qualifying transaction and the name change from Allied to Shoal Point Energy Ltd. (the "Company"). On November 23, 2010, SPE began trading on the CNSX under the symbol SHP.

Subsequent to the reverse takeover transaction, on November 9, 2010, SPE amalgamated with a newly incorporated wholly-owned subsidiary of Allied, 2257054 Ontario Inc. and continued on under the name of Shoal Point Energy Inc. The amalgamation occurred on November 9, 2010. 2257054 Ontario Inc. was incorporated on September 16, 2010.

The Company is in the pre production stage of exploring its oil and natural gas properties and has not yet determined whether these properties contain oil and natural gas resources that are economically recoverable, as a result, it is considered a development stage company. The recoverability of amounts shown for oil and natural gas properties is dependent upon the existence of economically recoverable reserves, securing and maintaining the title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from disposition of the oil and natural gas properties. The amounts shown as oil and natural gas properties represent net costs to date, and do not necessarily represent present or future values.

2. BASIS OF PRESENTATION

Statement of Compliance

The unaudited interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") under International Financial Reporting Standards ("IFRS") and using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the year ending January 31, 2011.

The same accounting policies and methods of computation were followed in the preparation of these unaudited interim consolidated financial statements as were followed in the preparation of the unaudited interim consolidated financial statements for the three months ended April 30, 2011.

The unaudited interim consolidated financial statements for the three months ended April 30, 2011 contain certain incremental annual IFRS disclosures not included in the annual financial statements for the year ended January 31, 2011 prepared in accordance with previous Canadian GAAP. Accordingly, these unaudited interim consolidated financial statements for the three and nine months ended October 31, 2011 should be read in conjunction with Allied and SPE's annual consolidated financial statements for the year ended January 31, 2011 prepared in accordance with previous Canadian GAAP, as well as the Company's unaudited interim consolidated financial statements for the three months ended April 30, 2011.

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As IFRS and Canadian GAAP differ in some areas, management has amended certain accounting, measurement, and consolidation methods previously applied under Canadian GAAP financial statements in order to comply with IFRS. An explanation of how the transition to IFRS has affected the reported financial position, financial results and cash flows of the Company is provided in note 3. This note includes reconciliations of equity and total comprehensive loss for the comparative periods under previous GAAP to those reported under IFRS.

Basis of Measurement and Principles of Consolidation

The interim consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated.

The interim consolidated financial statements includes all the accounts of the Company and all of its subsidiaries and investments, including its principal subsidiaries, as well as other non-significant subsidiaries. The financial statements of the subsidiaries are consolidated from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated.

These interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Shoal Point Energy Inc.

Functional and Presentation Currency

These interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of Estimates and Judgement

The preparation of interim consolidated financial statements in conformity with IFRS requires that management make estimates and assumptions about future events that affect the amounts reported in the interim consolidated financial statements and related notes to the financial statements. Actual results may differ from those estimates.

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are expected to be the same as those to be applied in the first annual IFRS financial statements.

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the recoverability of exploration and evaluation ("E&E") assets (oil and natural gas properties), useful lives of capital assets, asset retirement obligations, share-based compensation, income taxes, the recording of liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from management's best estimates.

Recent accounting pronouncements

IFRS 7 "Financial instruments – Disclosures" ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Company has not yet determined the impact of the amendments to IFRS 7 on its financial statements.

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The IASB has issued IFRS 9 “Financial Instruments” which proposes to replace IAS 39. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets—amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available for sale and loans and receivable categories. This standard is effective for the Company’s annual year end beginning January 1, 2013. The Company will evaluate the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption.

IAS 1, “Presentation of Financial Statements” (“IAS 1”) requires grouping of items presented in the Statement of Comprehensive Income on the basis of whether they may be reclassified to earnings subsequent to initial recognition. For those items presented before taxes, amendments to IAS 1 also require that taxes related to the two separate groups be presented separately. The amendments are effective for annual periods beginning on or after July 1, 2012, with earlier adoption permitted. The Company does not anticipate the amendments to IAS 1 to have a material impact on its consolidated financial statements.

IAS 12 “Income Taxes” (“IAS 12”) provides a practical solution in determining the recovery of investment properties as it relates to accounting for deferred income taxes. This amendment is effective for annual periods beginning on or after January 1, 2012, with earlier application permitted. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

The IASB also has issued the following standard, which is effective for annual periods beginning on or after January 1, 2013, for which the Company has not yet determined the impact on its financial statements.

IFRS 12 “Disclosure of Interests in Other Entities” is a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and structured entities. This standard carries forward the disclosures that existed under IAS 27, IAS 28 and IAS 31, and also introduces additional disclosure requirements that address the nature of, and risks associated with, and entity’s interests in other entities.

IFRS 10, “Consolidated Financial Statements” (“IFRS 10”), which replaces parts of IAS 27, “Consolidated and Separate Financial Statements” (“IAS 27”) and all of SIC-12, “Consolidation – Special Purpose Entities”, changes the definition of control that is the determining factor in whether an entity should be consolidated. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IAS 27, “Separate Financial Statements (2011)” (“IAS 27 (2011)”) was reissued and now only contains accounting and disclosure requirements for when an entity prepares separate financial statements, as the consolidation guidance is now included in IFRS 10.

IFRS 13, “Fair Value Measurement” (“IFRS 13”) provides guidance on how fair value should be applied where its use is already required or permitted by other IFRS standards, and includes a definition of fair value and is a single source of guidance on fair value measurement and disclosure requirements for use across IFRS.

3. TRANSITION TO IFRS

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

IFRS 1 does not permit changes to estimates that have been previously made. Accordingly, estimates used in the preparation of the Company’s opening IFRS statements of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

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Changes to accounting policies:

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available for adoption on January 31, 2012, the Company's first annual IFRS reporting date. However, these changes have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue, and expenses within the Company's interim consolidated financial statements.

During the nine month period ended October 31, 2010, there were no reconciling items within Shareholder's Equity between Canadian GAAP and IFRS, except for the opening balance adjustments recorded at February 1, 2010, which was previously reported in the Company's April 30, 2011 unaudited interim consolidated financial statements.

There were no changes to the three and nine month periods ended October 31, 2010 Statement of Operations and Comprehensive Loss upon conversion from Canadian GAAP to IFRS.

4. FINANCIAL INSTRUMENTS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The Company does not use derivative financial instruments for purposes other than risk management. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain exposures. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents. The current year's budget is planned to be funded by cash and cash equivalents.

Accounts payable and accrued liabilities are current financial instruments expected to be settled in the normal course of operations.

As at October 31, 2011 the Company held cash of \$511,510.

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(Unaudited)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature or being non-interest bearing.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company has reduced its credit risk by investing its cash equivalents with a Canadian chartered bank. Also, as the majority of its receivables are with the Canadian government in the form of sales tax receivable, credit risk is considered minimal.

Commodity Price Risk

The Company is subject to price risk from fluctuations in market prices of oil and natural gas. These commodity prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control.

The future operations of the Company are highly correlated to the market prices of these commodities, as is the ability of the Company to continue to explore and develop its oil and natural gas properties.

A prolonged period of depressed prices could impair the Company's operations and development opportunities, and significantly erode shareholder value.

Fair Value

The Company has designated its cash as FVTPL, which is measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying value and fair value of financial instruments held at October 31, 2011 and January 31, 2011 are disclosed below by financial instrument category.

Financial Instrument	Nine months ended October 31, 2011		Year ended January 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>FVTPL</i>				
Cash	\$ 511,510	\$ 511,510	\$ 430,516	\$ 430,516
<i>Loans and receivables</i>				
Accounts receivable	\$ 779,739	\$ 779,739	\$1,032,185	\$1,032,185
<i>Financial Liabilities</i>				
Accounts payable and accrued liabilities	\$1,124,444	\$1,124,444	\$1,093,259	\$1,093,259

Cash and cash equivalents would be classified as a level 1 item under the fair value hierarchy.

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5. CAPITAL MANAGEMENT

The Company defines capital management in the manner it manages its capital stock. As at October 31, 2011 the Company's share capital was \$47,439,096 (January 31, 2011 - \$29,834,319). Changes in share capital over prior year end resulted from the issuance of 47,874,528 common shares, 5,328,411 common shares on exercise of warrants and 200,000 common shares from exercise of shares options during period ended October 31, 2011.

There were no changes in the Company's approach to capital management during the period ended October 31, 2011 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

- a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;
- b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company's capital structure includes components of shareholders' equity.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

6. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	October 31, 2011	January 31, 2011
GST/HST receivable	\$ 130,004	\$ 986,547
Subscription receivable	644,705	44,113
Other receivable	5,030	1,525
	\$ 779,739	\$ 1,032,185

7. PROPERTY AND EQUIPMENT

	October 31, 2011		January 31, 2011	
	Cost	Accumulated amortization	Net	Net
Oil and natural gas properties	\$ 23,602,729	\$ -	\$ 23,602,729	\$ 3,205,107
Website	6,225	3,686	2,539	2,988
Computer equipment	7,105	3,117	3,988	1,385
	\$ 23,616,059	\$ 6,803	\$ 23,609,256	\$ 3,209,480

The oil and natural gas properties relate to the Shoal Point License #1070 and License #1120. The Company did not capitalize any general and administrative costs in the quarter.

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OCTOBER 31, 2011

(Unaudited)

Western Newfoundland

At January 31, 2011 the Company holds working interests in Offshore Exploration License #1070 ("EL #1070"), and is also earning an 80% interest in the 37,298 acre block in exploration license 1120 ("EL 1120")

The Company has closed its purchase from Canadian Imperial Venture Corp. of CIVC's interest in the Green Point oil-in-shale. The Company has increased its interest in exploration licence 1070 (EL 1070) from 80.75 per cent to 100 per cent, and it is also now earning up to an 80-per-cent-working interest in the 67,298-acre block in exploration licence 1120 (EL 1120) pursuant to the farm-in agreement with Ptarmigan Energy Ltd. Prior to this purchase, Shoal Point was only earning up to a 48-per-cent interest in EL 1120. In addition, Shoal Point has acquired CIVC's interest in the area of mutual agreement which governed numerous exploration lands in western Newfoundland.

The consideration paid to CIVC includes 20 million units where each unit comprises one common share and one-half common share purchase warrant, where a full warrant entitles the holder to acquire an additional common share at a price of 40 cents for a two-year period. In addition, Shoal Point paid \$300,000 on closing and agreed to pay an additional \$200,000 six months after the closing. Shoal Point has also issued an additional one million common shares which have been placed in escrow and if the final payment of \$200,000 is not made on the due date (April 25, 2012), these shares will be released to CIVC. If the final payment is made on the due date, the escrowed shares will then be released to Shoal Point for cancellation. Additional consideration for the purchase of these additional interests included the cancellation of CIVC's outstanding share of exploration costs related to well 3K-39 which amounts to approximately \$2.6-million.

Summary of interests in the EL#1070 and EL#1020 Shallow Rights after the well has been drilled is as follows:

	SPE
After earning (EL#1070)	100%
After earning (EL#1120)	80%

8. CAPITAL STOCK

(a) Share Capital

Authorized

The authorized capital stock of the Company consists of an unlimited number of common shares.

- (i) In February 2011, the Company completed a private placement of 13,531,570 common shares and 3,150,000 flow-through common shares for aggregate proceeds of \$5,996,050. The Company paid cash commission of \$149,247 and issued 393,634 broker warrants, pursuant to the financing
- (ii) In April 2011, the Company completed a private placement of 6,763,667 common shares and 1,450,000 flow-through common shares for aggregate proceeds of \$3,768,650. The Company paid cash commission of \$199,544 and issued 422,810 broker warrants, pursuant to the financing.
- (iii) In July 2011, the Company completed a private placement of 1,785,000 common shares and 4,285,000 flow-through common shares for aggregate proceeds of \$2,035,250. The Company paid cash commission of \$122,115 and issued 364,000 broker warrants, pursuant to the financing.
- (iv) In August 2011, the Company completed a private placement of 355,000 common shares and 25,000 flow-through common shares for aggregate proceeds of \$93,500. The Company paid cash commission of \$2,745.
- (v) In October 2011, the Company completed a private placement of 7,459,375 common shares and 9,069,916 flow-through common shares for aggregate proceeds of \$2,826,085. The Company paid cash commission of \$117,980 and issued 687,278 broker warrants, pursuant to the financing.

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(vi) In October 2011, the Company issued 20,000,000 units for its purchase from CIVC. Each unit comprises of one common share and one-half common share purchase warrant, where a full warrant entitles the holder to acquire an additional common share at a price of \$0.40 for a two year period.

(b) Stock option plan and stock-based compensation

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. The following summarizes the employees, directors, officers and consultants stock options that have been granted, exercised, expired, vested or cancelled during the period ended October 31, 2011.

The following table summarizes information concerning the Company's stock options outstanding as at October 31, 2011:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding and exercisable - January 31, 2011	12,725,000	\$ 0.25	3.21
Granted	1,500,000	0.43	3.87
Exercised/expired	<u>(200,000)</u>	<u>0.37</u>	<u>-</u>
Outstanding as at April 30, and July 31, 2011	14,025,000	0.27	3.54
Granted	<u>2,450,000</u>	<u>0.25</u>	<u>4.90</u>
Outstanding as at October 31, 2011	<u>16,475,000</u>	<u>\$ 0.27</u>	<u>4.00</u>

The following common share purchase options are outstanding at October 31, 2011:

	Date of Grant	Number of Shares	Exercise Price	Expiry Date
Directors	October 29, 2010	3,500,000	\$ 0.25	October 29, 2015
	January 20, 2011	150,000	\$ 0.40	January 20, 2013
	February 22, 2011	900,000	\$ 0.40	February 22, 2016
	October 26, 2011	250,000	\$ 0.30	October 26, 2016
Officers	October 29, 2010	1,850,000	\$ 0.25	October 29, 2015
Service Providers	October 29, 2010	1,525,000	\$ 0.25	October 29, 2011
	October 29, 2010	2,800,000	\$ 0.25	October 29, 2012
	October 29, 2010	2,100,000	\$ 0.25	October 29, 2015
	December 16, 2010	450,000	\$ 0.28	December 16, 2013
	January 20, 2011	150,000	\$ 0.40	January 20, 2013
	February 22, 2011	150,000	\$ 0.40	February 22, 2016
	April 20, 2011	250,000	\$ 0.50	April 20, 2014
	June 21, 2011	200,000	\$ 0.50	June 21, 2014
	September 6, 2011	450,000	\$ 0.25	September 6, 2014
	October 5, 2011	1,500,000	\$0.20-\$0.30	October 5, 2016
	October 26, 2011	<u>250,000</u>	\$ 0.30	October 26, 2016
		<u>16,475,000</u>		

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The fair value of share purchase options granted during the period ended October 31, 2011 of \$177,853 (2010 - \$nil) has been estimated using the Black-Sholes pricing model with the following assumptions: market value of underlying stock of \$0.18-\$0.20; risk free rate of 0.91-1.11%; expected term of 3-5 years; exercise price of the option of \$0.20-\$0.30; volatility of 70%; and expected future dividends of nil.

(c) Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the period ended October 31, 2011:

	Number of Warrants	Fair Value	Weighted average exercise price
Balance, January 31, 2011	43,415,579	\$ 3,346,836	\$ 0.30
Exercised	(462,500)	(28,217)	10.00
Issued	<u>12,224,575</u>	<u>201,512</u>	<u>0.52</u>
Balance, April 30, 2011	<u>55,177,654</u>	<u>\$ 3,520,131</u>	<u>\$ 0.46</u>
Exercised	(4,947,362)	(309,081)	0.10
Expired	(1,561,166)	(99,303)	0.25
Issued	<u>3,364,600</u>	<u>200,003</u>	<u>0.40</u>
Balance, July 31, 2011	<u>52,033,726</u>	<u>\$ 3,311,750</u>	<u>\$ 0.46</u>
Expired	(1,847,250)	-	0.28
Issued	<u>19,166,306</u>	<u>282,633</u>	<u>0.40</u>
Balance, October 31, 2011	<u>69,352,782</u>	<u>\$ 3,594,383</u>	<u>\$ 0.44</u>

The fair value of warrants issued during the period ended October 31, 2011 of \$282,633 (2010 - \$Nil) has been estimated using the Black-Scholes pricing model with the following assumptions: market value of underlying stock of \$0.18-0.22; risk free rate of 1.03-1.57%; expected term of 2.00 years; exercise price of the option of \$0.16-0.40; volatility of 70%; and expected future dividends of nil.

At October 31, 2011, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable	Weighted average exercise price
\$0.16	690,660	1.90	690,660	\$0.16
\$0.22	1,798,247	1.00	1,798,247	\$0.22
\$0.25	301,600	1.00	301,600	\$0.25
\$0.28	24,893,376	1.90	24,893,376	\$0.28
\$0.30	8,264,646	1.90	8,264,646	\$0.30
\$0.35	393,634	1.00	393,634	\$0.35
\$0.40	13,225,000	1.70	13,225,000	\$0.40
\$0.45	700,920	1.00	700,920	\$0.45
\$0.50	13,484,113	1.00	13,484,113	\$0.45
\$0.55	1,543,751	1.90	1,543,751	\$0.50
\$0.60	4,056,835	1.00	4,056,835	\$0.60
	<u>69,352,782</u>	<u>1.32</u>	<u>69,352,782</u>	<u>\$0.35</u>

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9. COMMITMENTS AND CONTINGENCIES

The Company signed a farm-in agreement with Ptarmigan Energy Inc. (PEI) of St. John's, Newfoundland, and Labrador, with respect to exploration licence 1120, 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 licence 1120 (farm-out lands) by paying to PEI 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 the Company has completed the earning requirements by making the aforementioned payments, and by drilling the test well, it will earn an 80% working interest in the shallow rights within the farm-out lands, with PEI retaining a 20% working interest therein.

10. CHANGES IN NON-CASH WORKING CAPITAL

	October 31, 2011	October 31, 2010
<hr/> Changes in non cash working capital balances:		
Accounts receivable	\$ 252,446	\$ 300,442
Prepaid expenses	3,191,852	48,473
Accounts payable and accrued liabilities	<u>31,185</u>	<u>(71,551)</u>
	<u>\$ 3,475,483</u>	<u>\$ 277,364</u>

11. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in the consolidated financial statements during the periods ended October 31, 2011 and 2010 as follows:

	October 31, 2011	October 31, 2010
<hr/> Management fees, consulting fees and directors fees expense:		
Management fees and consulting fees were charged by officers for corporate administrative and financial management services	\$ 353,750	\$ 251,500
Directors fees were charged by directors for corporate governance services	\$ 3,000	\$ 35,000

As at October 31, 2011, accounts payable and accrual liabilities includes \$39,530 (January 31, 2011 - \$35,342) owing to related parties.

Management believes these transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

12. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share has been calculated by dividing the net loss per the financial statements by the weighted average number of shares outstanding during the period. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the nine months ended October 31, 2011 and 2010, a dilutive effect would result from the potential increase in common shares.

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13. RECLASSIFICATION

The comparative financial statements have been reclassified to conform to the presentation of the current period financial statements.