

Shoal Point Energy Ltd.
(Formerly Allied Northern Capital Corporation.)

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Management Discussion and Analysis

For The Quarter Ended

October 31, 2011

The following Management Discussion and Analysis of Shoal Point Energy Ltd. (formerly Allied Northern Capital Corporation.) (“Shoal Point”, “SPE” or the “Company”) should be read in conjunction with the Audited Consolidated Financial Statements for year ended January 31, 2010 and January 31, 2011. The results herein have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The following Management Discussion and Analysis may contain forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties, which could cause actual events or results to differ materially from those reflected herein. Forward-looking statements are based on the estimates and opinions of management of the Company at the time the statements were made.

Company Profile

Shoal Point is a company incorporated under the laws of the province of Ontario. Shoal Point is a petroleum exploration and development company based in Toronto, ON. The Company was formed in 2006 to pursue oil and gas exploration opportunities within Atlantic Canada. The company benefits from a management team with many combined years of experience in the resource sector in general and in petroleum exploration and development in particular.

Operations

During 2011 SPE and partner CIVC commenced drilling the 3K-39 well. This was designed to "twin" the 2008 2k39 well which was limited in its collection of data over the Green Point shale. 3k39 is the first well designed specifically to evaluate the oil-in-shale resource potential of the Green Point Formation in Western Newfoundland.

During the quarter, Shoal Point Energy Ltd. continued with the evaluation of the 3K-39 well at Shoal Point, Western Newfoundland. The original rig was demobed during the previous quarter and a service rig will be brought in to complete the planned testing program run.

The Company is proceeding with plans to source equipment to stimulate the well; the timing and scale of this operation will depend on the identification of equipment that can be brought to Western Newfoundland within a reasonable time frame over the next several months. The Company also continues to prepare an application for a significant discovery license on EL 1070, its principal property, where 150,000 acres are considered prospective.

Selected Financial Information

The following table provides selected consolidated financial information that should be read in conjunction with the consolidated financial statements of the Company.

	THREE MONTHS ENDED OCTOBER 31		NINE MONTHS ENDED OCTOBER 31	
	2011	2010	2011	2010
Interest and Other Income	\$54.00	\$6.00	\$1,252	\$150,006
Operating Expenses	\$780,161	\$357,282	\$1,793,650	\$868,120
Comprehensive loss for the period	\$780,161	\$357,282	\$1,793,650	\$868,120
Gain (loss) per share	\$0.00	\$0.00		
Property and Equipment	\$23,990,355	\$8,953,883		
Total assets	\$25,990,355	\$8,953,883		

Overall Performance

Three months ended October 31, 2011

During the quarter ended October 31, 2011, the Company recorded a net loss of \$775,307 (\$0.00) per common share compared to a net loss of \$357,276 (\$0.01) per common share for the quarter ended October 31, 2010. During the quarters ended October 31, 2011 and 2010, the Company recorded no revenues from operations.

Expenses

	October 31, 2011	October 31, 2010	% Change
Office, general and administrative	\$ 147,944	\$ 73,052	102.0%
Management	\$ 90,000	\$ 86,500	4.0%
Consulting fees	\$ 212,500	\$ 82,500	157.6%
Professional fees	\$ 132,427	\$ 90,821	45.8%
Stock based compensation	\$ 177,853	\$ -	-%

There were management fees of \$90,000 (October 31, 2010 - \$86,500), Legal and accounting fees for the quarter end ending October 31, 2011 of \$132,427 (October 31, 2010 - \$90,821) increased over the comparative quarter due to the increased activity of land acquisition and contractual arrangements. Office, general and administrative expenses for the quarter ending October 31, 2011 of \$147,944 (October 31, 2010 - \$73,052) increased due to the more activity involved with being public and dealing with shareholder issues and increased activity with the drilling activity. Consulting fees of \$212,500 for the quarter ended October 31, 2011 (October 31, 2010 - \$82,500) increased by 157.6% was partly due to the increased activity because of the active well.

Summary of Quarterly Results

The prior periods of Shoal Point was when the Company was not a reporting issuer and the Company did not prepare financial statements for those quarters.

**Quarterly Financial Information
(unaudited)**

	2012 Q3 IFRS Reporting	2012 Q2 IFRS Reporting	2012 Q1 IFRS Reporting
(a) Revenue	\$ -	\$ -	\$ -
(b) Net Income (loss)	\$ (775,307)	\$ (639,168)	\$ (373,123)
(c) Net Income (loss) per share (Basic & Fully Diluted)	\$ 0.00	\$ 0.00	\$ 0.00

Nine Months ended October 31, 2011

Office, general and administrative increased to \$354,840 (October 31, 2010 - \$244,081) due to the increased activity in the Company around the drilling of the well. Management fees decreased to \$ 195,400 (October 31, 2010 – 251,500) due to the bonuses declared in the last quarter 2010. Consulting fees increased to \$534,484 (October 31, 2010 - \$128,000) due to the IFRS transition and the hiring of extra consultants to oversee and plan the upcoming drill program along with an increase in the monthly fees paid to management. Professional fees increased to \$171,518 (October 31, 2010 - \$169,297).

Liquidity

The Company has cash of \$511,510 at quarter end. However ongoing well costs expenses will ultimately exhaust the resources of the Company. Accordingly, the Company will access the capital markets to raising funds, while successful in the past, might not be successful in the future.

During the quarter the Company closed two financing:

- 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.
- 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.

Capital Resources

The Company has a commitment for finishing Well 3K-39. The Company also has a property deposit on an interest bearing guaranteed investment certificate that secures a letter of guarantee

in an amount of \$1,000,000 with the Canada- Newfoundland and Labrador Offshore Petroleum Board.

Contractual Obligations

The Company signed a farm-in agreement with Ptarmigan Energy Inc. (PEI) of St. John's, Nfld., 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 Shoal Point has completed the earning requirements by making the aforementioned payments, and by drilling the test well, Shoal Point will earn an 80 percent working interest in the shallow rights within the farm-out lands, with PEI retaining a 20 percent working interest therein.

Off-Balance Sheet Transactions

The Company has no off balance sheet transactions.

Private Placements

During the quarter the Company closed two financings and issued shares upon the purchase of CIVC's interest in the shallow rights in licence 1070 and the interest in Licence 1120:

- 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.
- 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.
- In October 2011, the Company issued 21,000,000 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.

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Related Party Transactions

Management fees of \$353,750 (October 31, 2010 - \$251,500) were paid and accrued by officers for administrative and financial management services. Director's fees of \$3,000 (October 31, 2010 - \$35,000) were paid and accrued by directors. As at October 31, 2011, accounts payable and accrued liabilities includes \$39,530 (January 31, 2011 - \$35,342) owing to related parties.

Future accounting pronouncements

IFRS 9, Financial Instruments (“IFRS 9”) was issued by the International Accounting Standards Board (“IASB”) on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

Management’s evaluation of disclosure controls

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company’s certifying officers. The Company’s Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company’s disclosure controls and procedures as at October 31, 2011 and have concluded that these controls and procedures are effective.

Internal Control over Financial Reporting:

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at October 31, 2011.

Risks and Uncertainties

The Company’s business of oil and gas exploration is highly uncertain and risky by its very nature. In addition, the ability to raise funding in the future to maintain the Company’s exploration and development activities is dependant on financial markets, which often fail to provide necessary capital.

Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently oil and gas discovery is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which can not be controlled by management. As a result, the Company’s future business, operations, and financial condition could differ materially from the forward-looking information contained in this MD&A’s and described in the Forward-Looking Statements section below. For more comprehensive discussion of the risks faced by the Company, please refer to Shoal Point Ltd.’s MD&A as at January 31, 2010 filed on www.sedar.com.

Other MD&A Requirements

(a) Additional Information

Additional information relating to the Company may be obtained or viewed from the System for Electronic Data Analysis and Retrieval at www.sedar.com.

(b) Share Capital

Authorized

Unlimited number of common shares

Issued:

Common Shares

Shares

Value

Balance October 31, 2011

213,667,887

\$47,881,109

See note 8(a) of the financial statements for further details.

Warrants Outstanding

The Company issued 19,166,306 warrants, where each warrant entitles the holder to acquire an additional common share at a price of \$0.16 - \$0.40 for 18 months. There were 1,847,250 warrants that expire during the quarter. There are 69,352,782 warrants outstanding at quarter end.

See note 8(c) of the financial statements for further details.

Stock Option Plan

The Company has a stock option plan to provide incentives to directors, officers and consultants of the Company. 2,450,000 options were granted for the quarter ended October 31, 2011 ranging from \$0.20 to \$0.30 and from 2 to 5 years in length. There are 16,625,000 options outstanding as at October 31, 2011.

See note 8(b) of the financial statements for further details.

Forward Looking Statements

This report may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays or failure in obtaining governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.

Signed

“Brian Murray”

Brian Murray
Chief Financial Officer
December 23, 2011