

SHOAL POINT ENERGY LTD.

January 17, 2012

For Immediate Distribution
CNSX: SHP

Shoal Point Energy Announces Agreement to Triple its Land Position in the Green Point Oil-In-Shale Play in Western Newfoundland, and Provides Operations Update on 3K-39 Well

Summary

Land Acquisition: Shoal Point Energy Ltd. and NWest Energy Corp. have entered into an agreement whereby Shoal Point Energy will acquire a 100% working interest in all rights in EL 1079R, comprising approximately 500,000 acres, in the immediate offshore area of western Newfoundland. This licence is contiguous with EL 1120 and EL 1070.

Payment is to be made in three stages as follows:

- annual refundable drilling deposits of \$1,000,000 (to the regulatory body),
- an initial 2,000,000 shares and 2,000,000 warrants to acquire the 100% working interest
- an additional payment at the time of spudding a well on this property of 4,000,000 shares and 4,000,000 warrants, and the grant of a 2% gross overriding royalty, 0.75% of which can be repurchased by Shoal Point Energy.

A well must be spudded on the license by January 15, 2014. The license covers the extent of the Green Point Shale in the northern half of the western Newfoundland offshore area. It is expected that much of this licence area can be exploited from land.

The agreement will enable Shoal Point to increase its gross acreage position in the Green Point shale from 217,000 to approximately 720,000 acres.

Operations: Shoal Point announces that it (and the operator DLMC) have received approval from the CNLOPB to continue cased-hole operations at its Shoal Point 3K-39 location; this stage of operations is expected to last 7-10 days and will prepare the cased borehole for sidetracking (3K-39z) and deepening of the well. Shoal Point and DLMC continue to work diligently with the CNLOPB to finalize all approvals for the deepening and testing of the well, and it is expected that all approvals will be forthcoming

Suite 501, 65 Queen Street West
Toronto, ON M5H 2M5

Agreement with NWest Energy Corp.

Shoal Point Energy Ltd. (“**Shoal Point**”) announces that it has entered into an agreement with NWest Energy Corp. (“**NWest**”, NWN:TSXV) to acquire 100% working interest in approximately 500,000 acres in EL 1079R, offshore western Newfoundland. This license represents a recent consolidation of four pre-existing Exploration Licenses, EL 1097, EL 1098, EL 1103 and EL 1104 (please see NWest press release of December 12, 2011), by the Canada-Newfoundland and Labrador Offshore Petroleum Board (“**CNLOPB**”), in order to facilitate exploration of the Green Point Shale in the west Newfoundland offshore. The term of EL 1097R contains two periods and extends until January 15, 2014, by which time one exploration well must be spudded.

This agreement provides for the acquisition of the entire 100% working interest, and the validation of the License according to regulatory requirements, in three stages:

- (1) Fifty percent (50%) working interest in the Licence shall be transferred (the “**First Transfer**”) to Shoal Point on or before January 16, 2012, provided that Shoal Point places a \$1,000,000 drilling deposit (refundable against compliant drilling costs) with the CNLOPB to extend the License into the first year of Period II, such period to expire on January 15, 2014, and that Shoal Point transfers to NWest a total of 1,000,000 common shares, and 1,000,000 common share purchase warrants, such warrants to be exercisable for a period of two years at an exercise price of \$0.40. In addition, Shoal Point will assume the obligations of NWest to pay the Environmental Studies Research Fund, to a maximum of \$43,404.48, as well as similar payments in the future. (It should be noted that, if an exploration well is not spudded on the license by January 15, 2013, a second refundable drilling deposit must be placed with the CNLOPB to hold the license in good stead into the second year of Period II).
- (2) An additional fifty percent (50%) working interest in the Licence shall be transferred (the “**Second Transfer**”) to Shoal Point upon receipt of approval of the shareholders of NWest for the Transaction on or before April 15, 2012, provided that, by the end of that period, Shoal Point transfers to NWest a total of 1,000,000 common shares, and 1,000,000 common share purchase warrants, such warrants to be exercisable for a period of two years at an exercise price equal to the 20 day Volume Weighted Average Price (“**VWAP**”) plus twenty percent (20%).
- (3) Upon spudding a well on the property, and if the above transfers have taken place, Shoal Point shall issue an additional four million (4,000,000) common shares and four million (4,000,000) common share purchase warrants to NWest, with such warrants to be exercisable for a period of two years at an exercise price equal to the 20 day VWAP plus 20%. In addition, Shoal Point shall, upon spudding a well, grant to NWest a two percent (2%) gross overriding royalty (“**GORR**”) on production from the Property. Shoal Point shall have the right to purchase 0.75% of the GORR for two million dollars (\$2,000,000) at any time after the date of grant. After the buy back of the 0.75% interest, NWest will be left with a net 1.25% GORR.

All securities issued pursuant to the transaction will be subject to a four month hold period from the date of issuance.

**Suite 501, 65 Queen Street West
Toronto, ON M5H 2M5**

Upon the First Transfer in Licence to Shoal Point, Shoal Point shall be appointed as the operator of the Property.

The completion of the transaction is conditional on all requisite regulatory , third party and TSX Venture Exchange and Canadian National Stock Exchange approvals. In addition, completion of the Second Transfer is conditional on the approval of the shareholders of NWest. Certain shareholders of NWest holding not less than forty-five percent (45%) of the common shares of NWest have entered into support agreements and have agreed to vote in favour of the Transaction at a meeting of the shareholders of NWest.

NWest intends to hold a meeting of shareholders of NWest on or before April 15, 2012 to consider approval of the Second Transfer.

The management of Shoal Point looks forward to the early planning and drilling of an Exploration well on EL 1079R, perhaps in conjunction with the commissioning of a rig into west Newfoundland in Q3 2012 to drill the adjacent EL 1120 (please see Shoal Point news release of April 13, 2011).

About Shoal Point Energy Ltd.

Shoal Point Energy Ltd is a public company holding a 100% interest in the shallow rights (Green Point Shale) of Exploration Licence 1070 in the Province of Newfoundland comprising approximately 150,000 acres of oil-in-shale. In addition, Shoal Point has an agreement to earn a net 80% interest in the 67,298 acres of Green Point Shale (shallow rights) of EL 1120 which is owned by Ptarmigan Energy Inc.

Shoal Point also has a 6 - 14% interest in a gas prospect in the Province of New Brunswick.

Shoal Point currently has 239,789,576 common shares issued and outstanding.

Visit our website at www.shoalpointenergy.com

For further information, please contact:

David Black - 416-637-2181 ext 308

R. Brian Murray, CFO – 416-985-7810

Except for historical information contained herein, this news release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. The forward looking statements contained in this press release are made as of the date hereof and Shoal Point Energy Ltd. undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

**Suite 501, 65 Queen Street West
Toronto, ON M5H 2M5**