

SHOAL POINT ENERGY LTD.

Shoal Point Energy Announces that Test Results at its 3K39 well Compare Favourably with U.S. Shale Basins

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For Immediate Distribution
CNSX - SHP

Highlights

- Nutech-designed injection test (DST 2) indicates exceptionally high permeability while logs indicate high porosities compared to U.S. basins
- Results of swab testing (DST 3) confirms permeability
- Production of hydrocarbons within the Green Point shale will require stimulation, as in other oil-bearing shales
- The Company has just received from NuTech Energy Alliance a very favourable comparative study of the Green Point shale parameters versus well-known U.S. shale basins

“We are excited by the positive test results,” said George Langdon, President of Shoal Point. “The exceptional permeability, relatively high porosity, and extensive fracturing of the formation indicate that it should respond well to stimulation. The results continue to validate the play, and we expect our future testing will confirm the Green Point shale as a major petroleum resource.”

Recent Results of Testing

Shoal Point Energy Ltd. (“the Company”) reports that it has completed testing operations on two test intervals in the 3K39 well at Shoal Point on the Port au Port Peninsula, western Newfoundland.

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DST #2: The first test, designated “DST #2”, was designed by the Company’s consultants, NuTech Energy Alliance, of Houston, as an “Injection Test” or “Extended Leakoff Test” to measure engineering parameters for planning future stimulation of the Green Point shale reservoir, and not to flow-test the reservoir. This test involved the injection of fluid into the formation over a perforated 15 metre interval (1411-1426 metres) and monitoring of the rate at which the fluid was absorbed into the formation, from which two important parameters – permeability and pore pressure - could be measured directly. This test was completed over a period of 14 days and is considered a highly accurate, industry-standard measurement of these parameters. Permeability over this interval was measured at 20.74 microdarcies (for a 40 degree API crude), and pore pressure at 0.49 psi/foot. The Company and NuTech consider these results to be very encouraging for future development of the Green Point shale play under a full stimulation scenario (see further discussion below).

DST #3 occurred over the interval 1250 – 1350 metres which was perforated and swabbed through several cycles to measure inflow. Although good volumes of invaded drilling mud was recovered at the beginning of each swabbing period, returns declined toward the end of each period, and no free formation fluid inflow was recovered. However, indications of hydrocarbon inflow were seen in swab volumes, although these were not able to be directly measured. Considering the significantly higher than average permeabilities measured in the injection test, and numerous and diverse indications of hydrocarbons seen while drilling this section in the spring and summer of 2011, the Company believes that severe invasion and borehole skin damage has precluded the recovery of hydrocarbons from the formation at this time. This situation has been exacerbated because of (1) the length of time the borehole was open to the drilling fluid, and (2) the extent of pervasive natural fractures that have been studied from core, samples and the field, and which have been noted in earlier press releases. However, in the long run, the good permeability and porosity should increase the economic returns achieved with stimulation.

NuTech’s Comparison Study of Green Point Shale to U.S. Shale Basins

The Company has received a study from NuTech which compares average parameters of well known shale plays in the United States with those over the four test intervals, DST’s #2 through #5, in the 3K39 well (DST #1 was not carried out after drillstring became stuck in the hole, as announced on April 19, 2012). This information is tabulated in the addendum affixed hereto. The Company emphasizes that these data represent *average* values compiled by NuTech from summary of past projects, literature search on the respective shale basins, and analysis of their NuView histograms of public area studies.

Several important results of the comparison are noted, as follows: (1) Green Point porosities (measured from logs) and permeability (measured on the injection test in DST #2) are considerably higher than the U.S. basins average, indicating that the Green Point has a high proportion of “cleaner”, non- shale material within its cycles, and that pervasive fracturing may be contributing to porosity and permeability; (2) pore pressure (from the injection test) is comparable to that of the U.S. basins, *i.e.*, the zone is slightly overpressured; (3) clay volumes are comparable to those of the U.S. basins; (4) TOCs are comparable to those of the U.S. basins; (5) oil content (total for the four combined DST intervals only, which represent approximately

82% of the net pay in the well), is 123.6 MMBOE/section, and is considerably larger than that for the two liquids plays presented in Table 1 (Niobrara, 21 – 43 MMBOE/section, and Utica/Mt. Pleasant, 4-16 MMBOE/section). The reader is also referred to previous petrophysical analysis of the Shoal Point 2K39 well and Long Point M-16 well, which returned values of 380 MMBOE/section, and 930 MMBO/section, respectively (see news release of April 20, 2011).

In summary, Company management are highly encouraged by the recent accumulation of new data, and consider these data to be very positive for the regional development of the Green Point oil-in-shale play.

About Shoal Point Energy Ltd.

Shoal Point Energy Ltd is a public company with a 100% interest in the shallow rights in 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 and also holds a 100% working interest in all rights in EL 1097R with a 2% gross overriding interest. The total potential gross acreage in the Green Point Shale is approximately 720,000 acres. **A recent 51-101 compliant resource evaluation report from AJM Deloitte of Calgary indicates that the Total Undiscovered Petroleum Initially-in-Place, in barrels of oil, for the combined licenses is: 11.2 billion (low estimate), 22.5 billion (best estimate) and 49.4 billion (high estimate).**

Shoal Point currently has 263,976,603 common shares issued and outstanding.

Visit our website at www.shoalpointenergy.com

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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.

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Attachment: Comparison of U.S. Shale Basin parameters with those of Shoal Point 3K39 test intervals (by NuTech Energy Alliance, Houston)

US BASINS - Shale Play Parameters	Barnett	Haynesville	Marcellus	Eagle Ford	Niobrara	Utica/Point Pleasant
Basin	Ft Worth	East TX,LA	Appalachian	Maverick	DJ & Powder River	Appalachian
Age	L Mississippian	U Jurassic	Devonian	U Cretaceous	L Cretaceous	M-U Ordovician
Depth (FT)	6,500-8,500	10,500-13,500	4,000-8,500	8,000-14,000	2,000-8,000	2,000-10,000
Net Thickness (FT)	100-400	200-300	50-350	150-300	300-600	140-320
TOC (%)	3-7.5	0.5-4	3-10	2-6	3-5.8	1-2.75
Total Effective Porosity (Ave) (%)	4-8	7-8	4.5-7	9-11	5.5-7.5	3.5-5
Average Permeability (µD)	0.25	0.27	1	0.48	0.19	0.54
Average Lateral Length (FT)	2,500-3,500	3,500-3,800	2,500-5,000	3,800-5,500	3,500-5,000	4,000-6,500
Oil/Gas Content /section	300-350 BCFE	100-330 BCFE	60-150 BCFE	200-220 BCFE	21-43 MMBOE	4-16 MMBOE
Ave Vclay (%)	21	39	30	18	35	30
IP	1-9 MMCFE/D	9-25 MMCFE/D	2.5-20 MMCFE/D	5-17 MMCFE/D	100-1,000 BOE/D	400-1,100 BOE/D
EUR	2-5 BCFE/WELL	4.5-10 BCFE/WELL	2-10 BCFE/WELL	3-8 BCFE/WELL	50-500 MBOE/WELL	98-1,760 MBOE/WELL
MudLog Shows	Yes	Yes	Yes	Yes	Yes	Yes
Pore Pressure Gradient (psi/ft)	0.6	0.75	0.5-0.6	0.52-0.65	0.49	0.5-0.8

Interval Parameters, 3K 39	Well Test #2	Well Test #3	Well Test #4	Well Test #5
Age	Ordovician			
Depth (M)	1,411-1,426	1,250-1,350	1,068-1,125	903-994
Depth (FT)	4,628-4,677	4,100-4,428	3,503-3,690	2,962-3,260
Net Thickness (FT) *Measured	52	249.5	78.5	92.5
Ave TOC (%)	2.7	1.8	1.7	1.8
Total Effective Porosity (Ave) (%)	11.8	13	8.8	10.6
Average Permeability (µD) Derived from well test	20.74	n/a	n/a	n/a
Oil Content/ Section (MMBOE/Sec)	18.4	58.3	20.9	26
Ave Vclay (%)	26	32	34	36
MudLog Shows	yes	yes	yes	yes
Pore Pressure Gradient (psi/ft) Derived from well test	0.49	n/a	n/a	n/a
*DD-3K-39-48-40-58-45 well is drilled at approximately 54 degree deviation through the Green Point Shale interval				

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