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## **Shoal Point Restates Quarterly Financial Statements, Announces Working Capital Deficit**

Mark Jarvis, the newly appointed CEO of Shoal Point Energy, announced today that the Board of Directors of the Company has authorized the restatement of its most recent quarterly financial statements.

“The restatement is material in nature and applies to the treatment of certain current assets,” said Mr. Jarvis. “Working capital is generally calculated from the Balance Sheet by subtracting current liabilities from current assets. Prior to the restatement, the working capital by this calculation was positive; after the restatement, the working capital is now negative.”

In the previously filed April 30, 2013 quarterly financial statements, two property deposits in the form of two Guaranteed Investment Certificates (GIC’s), each worth \$1 million, were included as Current Assets on the Balance Sheet.

Shoal Point’s new management team has determined that the property deposits are restricted because, as stated in the notes to the financial statements, the GIC’s secure stand-by Letters of Credit in favor of the Canada-Newfoundland and Labrador Offshore Petroleum Board. In the best business judgment of current management, Shoal Point does not have access to the property deposits, nor will it until the wells have been drilled and the well sites cleaned up. The maturities of the two GIC’s and related stand-by Letters of Credit are January 24, 2014 and December 24, 2013.

Current management has no expectation the Company will have access to the property deposits within 12 months, and therefore the property deposits cannot be considered as Current Assets. This marks a change in the practices applied by the Company and is therefore considered as a change in accounting policy by the Company. In the restated financial statements, these GIC’s are reclassified from Current Assets. One of the \$1 million GIC’s now appears as a non-current reclamation deposit. The other \$1 million GIC has now been capitalized to Oil and Natural Gas Properties.

“A reader who looked only at the Balance Sheet might have concluded that the working capital appeared to be \$2 million more than it actually was” said newly appointed CFO Brian Fiddler. “Information on the restricted nature of these financial instruments was included in the notes, so readers who looked at the entire financial statement could draw their own conclusions about whether or not these property deposits should be included in working capital. As a matter of accounting policy, based on our business judgment, we think our treatment is clearer and more straightforward.”

Working Capital is calculated as Current Assets minus Current Liabilities. The following table summarizes the differences between the balance sheets of the original financial statements and the revised financial statements:

**Three Month Period Ended April 30, 2013:**

	<u>Original financial statements:</u>	<u>Restated financial statements:</u>
Current Assets:	\$2,815,486	\$815,486
Current Liabilities:	\$2,224,812	\$2,224,812

Under the original interim financial statements, Working Capital was calculated as \$590,674, and under the restated interim financial statements, Working Capital is calculated as negative \$1,409,326.

The restated financial statements and related MD&A will be filed on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company’s external auditors, Collins Barrow, have been engaged to perform a review of the restated interim financial statements, which will include this change in accounting policy. This review may take several days to complete.

The restated interim financial statements will also include the following information:

**Subsequent Events:**

Subsequent to the end of the April 30, 2013 reporting period, certain outgoing management and directors of Shoal Point Energy received the following termination payments from the Company in addition to their usual compensation:

Brian Murray:	\$180,000
George Langdon:	\$240,000
Norman Davidson Kelly:	\$120,000
Alex Falconer:	\$ 90,000

In addition the Company's former law firm, Irwin Lowy LLP, was paid \$200,000 to settle an outstanding promissory note.

In total, \$830,000 in cash was paid out to the above named individuals and entities. \$480,000 of the cash was then invested in 8,000,000 private placement units issued by the Company at a price of \$0.06 per unit.

All of the above activity took place under the authority of the former management and was concluded prior to the appointment of the current management team on June 28, 2013.

### **Current Financial Status: Deficit**

“Our working capital deficit as of today's date is approximately \$950,000, and in addition there is a contingent liability of \$540,000”, said Mr. Fiddler. “The most pressing of the current liabilities is a consent judgment in favor of Weatherford Canada Partnership of approximately \$250,000 which would allow Weatherford to file a lien on our core assets. Weatherford has granted current management a 30 day extension.”

“Our first mission is to get this company on a solid financial footing,” said Mr. Jarvis. “If we are successful in doing that, I look forward to exploring and developing our large acreage position covering the Green Point Shale in western Newfoundland, along with our farm-in partner, Black Spruce Exploration.”

*This press release contains “forward looking statements”. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company's plans to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Known risks include, but are not limited to, financing risks, commodity price risks, regulatory risks, scheduling risks and engineering risks. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the company's continuous disclosure filings as found at [www.sedar.com](http://www.sedar.com).*

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