Shoal Point Energy Ltd.

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Management Discussion and Analysis

For The Three Months Ended

October 31, 2013

The following Management Discussion and Analysis of Shoal Point Energy Ltd. ("Shoal Point" or the "Company") is prepared as of December 20, 2013 and should be read in conjunction with the unaudited interim financial statements for the three months and nine months ended October 31, 2013. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Company Profile

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. The Company is headquartered at suite 1060 – 1090 West Georgia St., Vancouver, B.C. V6E 3V7. On October 26, 2010, the Company filed articles 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. ("Shoal Point", "SPE" or the "Company"). On November 23, 2010, the Company 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.

On October 10, 2012 the Company filed Articles of Amalgamation under the Business Corporations Act (Ontario), whereby the Company was amalgamated with Shoal Point Energy Inc. to form an amalgamated corporation operating under the name of "Shoal Point Energy Ltd." ("Shoal Point", "SPE" or the "Company"). All amounts herein reflect the financial effects of the amalgamation. Comparative figures also reflect the effects of amalgamation.

Exploration Activities and Outlook

During the three months ended October 31, 2013, the Company supplied technical information to Black Spruce Resources and maintained its interest in its three licensed properties.

Overall Performance

As at October 31, 2013, the Company's cash position increased to $1,758,694 from $119,152 as at July 31, 2013 as a direct result from two private placements completed for net cash proceeds of $2,725,900. The Company will continue to focus on the maintenance of its interest in its three licensed properties.

Financing during the three months ended October 31, 2013 consisted of a net cash proceeds of $2,725,900 raised from the issuance of 57,271,340 shares issued in conjunction with 58,511,728 warrants.

Selected Quarterly Information

The following table reflects the summary of results for the three months set out.

For the three months ended October 31	**2013**	**2012**
Net loss and comprehensive loss for the period	($381,685)	($501,268)
Basic and fully diluted earnings (loss) per share	($0.00)	($0.00)
As at:	**October 31, 2013**	**January 31, 2013**
Assets	$44,569,425	$45,025,109
Liabilities	$ 553,013	$3,738,393

Results of Operations

During the three months ended October 31, 2013, the Company recorded a net loss and comprehensive loss of $381,685 ($0.00) per common share compared to a net loss of $501,268 ($0.00) per common share for the three months ended October 31, 2012. During the quarters ended October 31, 2013 and 2012, the Company had no revenues from operations but received $93 (October 31, 2012 - $15,184) in interest income.

For the three months ended October 31, 2013, there were management fees of $72,000 (October 31, 2012 - $120,000), consulting fees of $21,482 (October 31, 2012 - $109,731), professional fees of $155,653 (October 31, 2012 - $38,308), office, general and administrative expenses of $63,672 (October 31, 2012 - $127,453), stock-based compensation of $Nil (October 31, 2012 - $24,774), rent expense of $48,261 (October 31, 2012 - $62,670) and bad debts of $19,501 (October 31, 2012 - $Nil).

Overall, the loss from operations excluding stock-based compensation, depreciation, and interest and other income for the three months ended October 31, 2013 were $381,180 or 22% lower to the three month period ended October 31, 2012, primarily from the reduction of excess staff, consultants and overhead.

Bad debts

The Company wrote off $19,501 in rent receivable primarily owed from companies which shared common directors and officers during the three months ended October 31, 2013 in comparison to $Nil to October 31, 2012 as they were deemed uncollectible.

Consulting fees

Consulting fees decreased by $88,249 or 80% during the three months ended October 31, 2013 in comparison to October 31, 2012 due mainly from the reduction of excess consultants.

Director's fees

Director fees decreased by $33,000 or 100% during the three months ended October 31, 2013 in comparison to October 31, 2012 as a result of two directors resigning as of June 28, 2013 and the two new directors not charging director fees for corporate governance services.

Management fees

Management fees decreased by $48,000 or 40% during the three months ended October 31, 2013 in comparison to October 31, 2012 due mainly from the difference in salaries charged by the current President, Chief Financial Officer and Corporate Secretary when compared against the salaries of the former President and former Chief Financial Officer.

Professional fees

Professional fees increased by $117,345 or 306% during the three months ended October 31, 2013 in comparison to October 31, 2012 due mainly from accounting fees related to the re-statement of the April 30, 2013 financial statements, the review and due diligence of outstanding legal claims and potential liabilities and conducting due diligence on the farm-in agreement between Black Spruce Exploration Corp. and the Company.

Rent expense

Rent expense was down $14,409 or 23% from $62,670 to $48,261, mostly due to closing the Toronto office and opening an office in Vancouver in a shared cost environment with no legal commitments on term.

Office, general and administrative

Office, general and administrative expenses were down $63,781 or 50% from $127,453 to $63,672, mostly due to the reduction of excess staff and overhead.

Summary of Quarterly Results

Quarterly Financial Information (unaudited)

For the three months ended		October 31, 2013		July 31, 2013		April 30, 2013		January 31, 2013
Net Income (loss) (in thousands)	$	(382)	$	(1,150)	$	(1,413)	$	(587)
Net Income (loss) per share (Basic & Fully Diluted)	$	(0.00)	$	(0.00)	$	(0.00)	$	(0.00)
Total Assets (in thousands)	$	44,569	$	42,896	$	43,060	$	45,025
Shareholders' equity (in thousands)	$	44,016	$	41,672	$	41,221	$	41,287

For the three months ended		October 31, 2012		July 31, 2012		April 30, 2012		January 31, 2012
Net Income (loss) (in thousands)	$	(501)	$	(423)	$	(586)	$	(98)
Net Income (loss) per share (Basic & Fully Diluted)	$	(0.00)	$	(0.00)	$	(0.00)	$	(0.00)
Total Assets (in thousands)	$	40,738	$	40,620	$	39,420	$	31,327
Shareholders' equity (in thousands)	$	35,596	$	35,947	$	35,205	$	28,910

Recent accounting pronouncements

The IASB has issued IFRS 9 "Financial Instruments" which proposes to replace IAS 39 "Financial Instruments: Recognition and Measurement". 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 annual years beginning on or after January 1, 2015. The Company will evaluate the impact of the change to its financial statements based on the characteristics of its financial instruments at the time of adoption.

Operations Update

Black Spruce Exploration Corp., our farm-in partner and the Operator of the drilling program on Shoal Point Energy's acreage in western Newfoundland, has informed us that the Environmental Assessment (EA) process is underway with the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB). Each proposed well site location will also have to be registered under the provincial EA process with the Newfoundland and Labrador Department of Environment and Conservation (NLDEC).

Shoal Point Energy currently has until January 15, 2014 to spud a well at Exploration License 1070 (EL 1070). The C-NLOPB, in a letter to Black Spruce Exploration Corp. dated April 12, 2013, extended the target date for recommencing operations on EL 1070 until a reasonable time period following the completion of the regulatory approval process.

On Exploration License 1120 (EL 1120), Shoal Point Energy has until January 15, 2015 to spud a well. On Exploration License 1097R (EL 1097R), Shoal Point has until January 15, 2014 to spud a well.

On December 12, 2013, the Company reported The Canada Newfoundland Labrador Offshore Petroleum Board (C-NLOPB) had rejected Shoal Point Energy Ltd.'s application to extend part of EL 1097R until Jan. 15, 2015. As a result, the company will lose the license, its $1-million drilling deposit, plus additional oil and gas property impairment costs of $1,791,732 on Jan. 15, 2014.

The drilling deposit was made to the C-NLOPB in January, 2013, to obtain an extension of the term during which it was allowed to drill exploration wells on EL 1097R by one year, until Jan. 15, 2014, on the assumption that continued exploration and development would be allowed.

Shoal Point currently has three contiguous exploration licenses off the west coast of Newfoundland which total approximately 720,000 acres. Of this total, EL 1097R comprises approximately 499,000 acres. On Jan. 15, 2014, the company's total exploration acreage will be reduced to approximately 220,000 acres contained in EL 1070 and EL 1120.

Liquidity

As of October 31, 2013, the Company had cash of $1,758,694, current assets of $1,863,656, current liabilities of $553,013 and positive working capital of 1,310,643.

Off-Balance Sheet Transactions

The Company has no off balance sheet transactions.

Commitments and Contingencies

Please refer to note 13 of the unaudited interim financial statements for the Company's commitments with respect to its oil and natural gas property.

The Company also has two stand-by letters of credit in the amount of $1,000,000 each, as disclosed in notes 9 and 11 of the amended interim financial statements. The stand-by letters of credit mature on January 24, 2014 and December 24, 2013, respectively.

The Company was named as a defendant in a $2,000,000 lawsuit relating to the NWest transactions (refer to note 13 of the October 31, 2013 interim financial statements) by a third party relating to certain provisions made between Nwest and this third party. Management believes the claim to be frivolous towards the Company and without merit. No accruals have been made as a result in the amended interim financial statements

On June 26, 2013 the Company announced a debt settlement with the designated operator of the 3K-39 well by issuing 9 million common shares at a deemed fair value of $540,000. Current management has found that the Canada Revenue Agency ("CRA") had issued three Requirements to Pay orders in the amount of $791,000 which require the Company to pay any monies owing to this operator directly to CRA. The Company contacted CRA to disclose this debt settlement agreement and provided them with the associated documentation. At October 31, 2013, no amounts have been recorded as payable to the CRA in the unaudited interim financial statements.

The Company is committed to spend $75,000 in qualified exploration expenditures by December 31, 2013 as a requirement on its recent flow-through share financing.

Related Party Transactions

The Company had the following related party transactions:

	Three Months October 31, 2013	Three Months October 31, 2012	**Nine Months October 31, 2013**	Nine Months October 31, 2012
Consulting fees	**$ 21,482**	$ 109,731	**$ 325,116**	$ 311,998
Director fees	**-**	33,000	**162,194**	68,000
Management fees	**72,000**	120,000	**716,000**	360,000
Total expenses	**$ 93,482**	$ 262,731	**$1,203,310**	$ 739,998

The nine months ending October 31, 2013 include termination payments of $630,000 to former management made prior to June 28, 2013.

Private Placements

Shares issued during quarter ended October 31, 2013

(i) In September 2013, the Company issued 41,717,840 units at a price of $0.05 per unit for gross proceeds of $2,085,892 of which 38,717,840 units consisted of one common share and one common share purchase warrant where a full warrant entitles the holder to acquire one additional share at a price of $0.06 for a period of 24 months and 3,000,000 flow-through units consisting of one common share and one half common share purchase warrant where a full warrant entitles the holder to acquire one additional share at a price of $0.06 for a period of 24 months. In connection with this financing, the Company paid cash commissions of $93,959 and issued 1,879,178 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.06 for a period of 24 months valued at $51,552.

(ii) In October 2013, the Company issued 15,553,500 units at a price of $0.05 per unit for gross proceeds of $777,675. Each unit consisted of one common share and one common share purchase warrant where a full warrant entitles the holder to acquire one additional share at a price of $0.06 for a period of 24 months. In connection with this financing, the Company paid cash commissions of $43,709 and issued 861,210 broker warrants where each broker warrant entitles the holder to acquire one additional common share at a price of $0.06 for a period of 24 months valued at $23,628.

Outstanding Share Data

For additional detail, see Note 12 of the unaudited interim financial statements.

	Number Issued and Outstanding December 20, 2013	**Number Issued and Outstanding October 31, 2013**
Common Shares issued and outstanding	469,658,743	469,658,743
Warrants to purchase Common shares	188,422,001	192,822,003
Options to purchase Common Shares	3,300,000	3,300,000
Fully Diluted	661,380,744	665,780,746

Risks and Uncertainties

The Company's principal activity is oil and natural gas exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economical.

The Company has no significant source of operating cash flow and no revenue from operations. The Company has not determined whether its resource properties contain reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves. The property interests that the Company has or has an option to earn an interest in are in the exploration stage only. Oil and natural gas exploration involves a high degree of risk and few properties, which are explored, are ultimately developed. Exploration of the Company's properties may not result in any discoveries of commercial bodies of resources. If the Company's efforts do not result in any discovery of commercial resources, the Company will be forced to look for other exploration projects or cease operations.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks.

The Company is in the business of oil and natural gas exploration and as such, its prospects are largely dependent on movements in the price of oil and natural gas. Prices fluctuate on a daily basis and are affected by a number of factors beyond the control of the Company. The resource exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

Environmental Risks and Hazards

All phases of the Company’s exploration operations are subject to environmental regulations in the jurisdictions it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company’s operations. Environmental hazards may exist on the properties on which the Company holds interests, which are unknown to the Company at present and which may have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently and may in the future be required in connection with the Company’s operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of oil and natural gas properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities which may cause operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in oil and natural gas operations may be required to compensate those suffering loss or damage by reason of the oil and natural gas activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of oil and natural gas companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures and production costs. They may also cause a reduction in levels of production at producing properties or they may require abandonment or delays in development of new oil and natural gas properties.

As of October 31, 2013 there are no liabilities to date which relate to environment risks or hazards other than the $240,000 provision for site clean-up on the 3K-39 well.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates used in the preparation of these financial statements include, but are not limited to, the recoverability of exploration and evaluation ("E&E") assets, useful lives of capital assets, provision for well suspension, valuation of share-based compensation, deferred income taxes and the premium on flow-through shares issued, as well as the bi-furcation of convertible debt between its debt and equity components. Actual results could differ from management's best estimates.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Internal Controls over Financial Reporting

The Company's management, under the supervision of the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining internal controls over financial reporting (ICFR) as defined in National Instrument 52-109-Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109).

Current management, under the direction and participation of the CEO and CFO, conducted an evaluation of the effectiveness of ICFR as of October 31, 2013 based upon the framework and criteria established in Internal Control – Integrated Framework, issued by the committee of Sponsoring Organizations of the Treadway Commission. During this process, management, including the CEO and CFO, identified the material weakness described below and as a result concluded that the Company's ICFR was ineffective as of June 28, 2013 but effective as of October 31, 2013. A material weakness in ICFR exists if there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Through its review of the accounting for various transactions, current management concluded that the Company did not maintain sufficient supervision of the persons serving as authorized signatories on its bank accounts, in respect of wire transfers.

In light of the aforementioned material weakness, management conducted a review of significant one-off payment transactions over the three month period ended July 31, 2013. Management's review identified no material errors in the financial statements. Notwithstanding the material weakness mentioned above, management has concluded that the accompanying interim financial statements present fairly, in all material respects, the Company's financial position as of October 31, 2013.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information required to be disclosed in reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified and are accumulated and communicated to the issuer's management, including the CEO and CFO as appropriate to allow timely decisions regarding required disclosure.

Management of the Company, including the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in NI 52-109. Based on that evaluation, management of the Company, including the CEO and CFO, have concluded that despite the material weakness described above regarding insufficient supervision of persons serving as authorized signatories on its bank accounts in respect of wire transfers, disclosure controls and procedures were effective as of October 31, 2013.

Remediation

In the second quarter of 2013, several remediation actions were initiated by current management to address the control weaknesses in the area of sufficient supervision of the persons serving as authorized signatories on its bank accounts, in respect of wire transfers, including:

- adding technically competent accounting personnel; and
- reallocating tasks to appropriate personnel to enhance segregation of duties and increase supervisory review.

Management will continue remediation efforts to address the material weakness described above by ongoing development and implementation of new policies, procedures and controls over the processing and reporting of one-off payment transactions, in particular in respect of wire transfers.

Caution Regarding Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of oil and natural gas; success of exploration activities; cost and timing of future exploration and development; the estimation of oil and natural reserves and resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- *The Company's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic resources;*
- *Management's assessment of future plans for the Green Point oil-in-shale, Newfoundland, Canada.*
- *Management's economic outlook regarding future trends;*
- *The Company's ability to meet its working capital needs at the current level in the short term;*
- *Expectations with respect to raising capital;*
- *Sensitivity analysis on financial instruments may vary from amounts disclosed; and*
- *Governmental regulation and environmental liability.*

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Signed

"*Brian Fiddler*"

Brian Fiddler
Chief Financial Officer
December 20, 2013