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

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Management Discussion and Analysis

For The Year Ended

January 31, 2011

The following Management Discussion and Analysis of Shoal Point Energy Ltd. (formerly Allied Northern Capital Corporation.) ("Shoal Point" 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 Canadian Generally Accepted Accounting Principles ("GAAP").

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.

On November 9, 2011 Shoal Point completed a reverse take-over transaction. In conjunction with this transaction the Company's common shares were approved for listing on the Canadian National Stock Exchange ("CNSX") completing the transition of Shoal Point from a private company to a public company. The Company's shares began trading on the CNSX on November 23, 2010 under the symbol SHP.

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 it's 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.

The 3k39 well has reached a depth of 1745 metres measured depth (1194 metres true vertical depth) and is preparing to run production casing. 51 metres of full-diameter core, spread over 5 intervals representative of all depths in the well, were collected. This core is being shipped to Houston for advanced imaging and petrologic studies. Hydrocarbon shows, including mud gas and fluorescence (when samples and core were treated with solvent), were seen throughout the well. The rocks are highly tectonized and fractured on a micro- to macroscopic scale, and this may explain various indications of permeability seen in the borehole, and in rocks collected from it.

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.

Overall Performance

During the year ended January 31, 2011, the Company recorded a net loss of $3,466,937 ($0.04) per common share compared to a net loss of $4,816,012 ($0.08) per common share for the year ended January 31, 2010. During the year ended January 31, 2011 and 2010, the Company recorded no revenues from operations.

There was interest expense for the year ending January 31, 2011 of $806,591 (January 31, 2010 - $360,674, management fees of $249,015 (January 31, 2010 - $420,000), Legal and accounting fees for the year end ending January 31, 2011 of $244,811 (January 31, 2010 - $953,199, office, general and administrative expenses for the year ending January 31, 2011 of $225,108 (January 31, 2010 - $95,630) stock-based compensation of $1,299,940 for the year ending January 31, 2011 (January 31, 2010 - $204,038), consulting fees of $444,908 for the year ended January 31, 2011 (January 31, 2010 - $16,175)

During 2011, general and administrative expenses, legal and accounting fees and consulting fees included significant expenses related to transitioning the Company into a public entity, including a failed Reverse Take Over ("RTO") and a minority shareholders dissenting opinion on certain matters, along with the planning and early operation of Well 3K-39. In the lead up to the going public transaction all options were cancelled with new ones issued leading to a significant Stock-based compensation for the year.

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In connection with the reverse takeover, a transaction was completed immediately prior to the transaction when the Company issued 27,932,881 units at $0.22 per unit for proceeds of $6,145,234. Each unit consists of one common share and one common purchase warrants. Each common purchase warrants entities the holder to purchase one common share for $0.28 for two years. In addition to the cash commission $465,304, agents received 1,798,247 broker warrants. Each purchase warrant entitles the holder to purchase one common share for $0.28 for two years.

Selected Annual Information

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

For the years ended January 31	2011	2010
Net (loss) earnings for the year	($3,466,937)	($4,816,012)
Net (loss) earnings per share	($0.08)	(0.04)
Assets	$8,953,883	$75,897
Liabilities	$1,093,259	$2,690,109

Results of Operations

January 31, 2011

The net loss for the year ended January 31, 2010 was $3,466,937 compared to net loss of $4,816,012 in the prior year. During the prior year, the Company wrote down oil and gas properties of $2,527,589. The loss per share for 2011 was ($0.04) and loss per share for 2010 was ($0.08).

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.

Liquidity

The Company has cash of $430,516 and other current assets to continue to operate during the current year. However ongoing well costs expenses will ultimately exhaust the resources of the Company. Accordingly, subsequent to the year end, the Company raised the following funds:

- Three tranches of financing totaling $5,997,450 comprised of 13,531,570 common share units at $0.35, where each unit includes a common share at $0.35 and a one-half common share purchase warrant, where a full warrant entitles the holder to acquire an additional common share at a price of $0.50 for 18 months. The balance of this financing consisted of 3.15 million flow-through units, where each unit comprises a flow-through common share at $0.40 and a one-half common share purchase warrant, where a full warrant entitles the holder to acquire an additional common share at $0.55 for 18 months.
  In connection with the total financing of $5,997,450 the company is paying cash fees totalling $117,147 to registered agents and issuing 393,634 broker warrants. Each broker warrant will entitle the holder to acquire an additional common share at a price of $0.35 for a period of 18 months.

- Raised $3,723,650 issuing 6,400,610 units at $0.45 whereby each unit included one common share and one-half common share purchase warrant where a full warrant entitles the holder to purchase one additional common share at a price of $0.60 for an 18 month period. In addition, 1,450,000 flow through units were issued at a price of $0.50 and each flow through unit was comprised of one common share and one half common share purchase warrant, where a full warrant entitles the holder to purchase one additional common share at a price of $0.60 for an 18-month period.
  In connection with this financing, the company paid commissions to registered agents. The cash fees of 6 per cent totalled $195,519, and in addition, the broker warrants of 6 per cent totalled 422,820 broker warrants. The broker warrants entitle the holders to acquire one additional common share at a price of $0.45 for a period of 18 months.

- The Company also borrowed $2.2-million from an arm's-length lender on April 29, 2011. These funds have been used as security in connection with logging of the 3K-39 well. In connection with this transaction, Shoal Point issued a $2.2-million secured promissory note to the lender and granted the lender a security interest over its assets. The lender will receive one million common share purchase warrants of Shoal Point, where each warrant entitles the holder to acquire a common share in the company for a period of two years from the date of issuance at an exercise price of $0.50. With the completion of the private placement financing, Shoal Point has now fully repaid the loan, and the promissory note and security interest have been cancelled.

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.

Off-Balance Sheet Transactions

The Company has no off balance sheet transactions.

Private Placements

On November 9, 2010, the Company issued 27,932,881 units totaling $6,145,234, where each unit includes a common share and a one common share purchase warrant, where a full warrant entitles the holder to acquire an additional common share at a price of $0.28 for two years. The Company paid finders' fees of $465,304 and also issued 1,798,247 broker warrants, with each broker warrant being exercisable at $0.22 for two years for one additional common share.

Critical Accounting Policies and Estimates

Measurement uncertainty

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles 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 consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Future Accounting Changes

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA adopted sections 1582 Business Combinations, 1601 Consolidated Financial Statements and 1602 Non Controlling Interest which superseded current sections 1581 Business Combinations and 1600 Consolidated Financial Statements. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP to International Financial Reporting Standards ("IFRS").

Recent accounting pronouncement issued and not yet applied.

International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date for interim and annual financial statements relates to fiscal years beginning on or after January 1, 2011. The Company's changeover date will be December 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. Under IFRS, the primary audience is capital markets and as a result, there is significantly more disclosure required. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which must be addressed.

Status of Transition to International Financial reporting Standards (IFRS)

On February 13, 2009, the CICA Accounting Standards Board (AcSB) confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011, including comparatives for 2010. The objective is to improve financial reporting by having one single set of accounting standards that are comparable with other entities on an international basis.

The Company commenced its IFRS conversion project during 2010 and established a project governance structure, to monitor the progress and critical decisions in the transition to IFRS. An external consultant was engaged to work with the Company's designated project staff. Regular reporting by senior financial management has been provided to the Audit Committee of the Board of Directors. The external auditors have also been consulted throughout the process.

The Company's conversion project will be completed in four phases: preliminary study, evaluation, development, and implementation. To date, the project is progressing according to plan. During 2010 the Company completed the preliminary study phase of the project which involved a high level review of the major differences between current Canadian GAAP and IFRS as related to the Company's accounting policies. During 2009 the Company provided formalized training for senior management as a second part of its overall executive training program.

During 2010 the Company completed a preliminary in-depth review of its accounting policies and the impact from adopting IFRS, as well as the associated impact of the IFRS transition on business activities. As a result, IFRS-compliant accounting policies were developed by the Company, subject to future changes or revisions that may be needed as a result of updates to the IFRS standards as determined by the International Accounting Standard Board ("IASB") and the Accounting Standards Board (Canada). These IFRS-compliant accounting policies will be presented and discussed with management and the Audit Committee of the Board of Directors.

As of January 31, 2011, the Company had substantially completed the evaluation and development phases of its IFRS conversion project. The following areas have been identified where the accounting differences, including presentation and disclosures, between Canadian GAAP and existing IFRS may have an impact on the Company's financial statements. The accounting differences described below should not be regarded as a complete list of areas that may be impacted by the transition to IFRS. Analysis of accounting policies has substantially been completed, but may be subject to changes as the Company completes the implementation phase of the project, and where IFRS standards are likely to change.

The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes that would affect the summary provided below. As an update to our previously filed annual and quarterly MD&As, the following provides a summary of the Company's evaluation of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS.

Oil and natural gas properties

- The practice of full cost accounting treatment under IFRS is limited to exploration and evaluation activities through IFRS 6, *Exploration for and Evaluation of Mineral Resources.* An alternative would be successful efforts method of accounting, where costs incurred in finding, acquiring and developing reserves are capitalized on a field-by-field basis, depending on the nature of operations. Upon discovery of a commercially viable (or proven) reserve, the capitalized costs can be allocated to the discovery. In the event that such a discovery is not achieved, the expenditure is charged to expense.

- The IASB has an extractive industries project underway and based on discussions to date, it appears that full cost accounting model may not be supported..

- The Company is in the process of evaluating the appropriate accounting treatment to be used, upon transition to IFRS.

The Company will continue to use the cost model for its oil and natural gas properties and other items of property and equipment, and not apply the revaluation model available under IFRS.

Impairment of Assets

- The Company is currently in the process of evaluating whether there would be any asset impairment at the transition date under IFRS. In assessing whether there is any indication that an asset may be impaired, an impairment test should be performed; consideration would be given to the external and internal sources of information, as prescribed by IAS 36, *Impairment of Assets*. Impairment under IFRS is recognized if the carrying amount exceeds the higher of fair value less cost to sell, or value in use. The company is evaluating the appropriate cash generating unit to use for testing purposes.

Share Based Payments

- Under IFRS, each vesting group of stock options is treated as a distinct award / tranche and the value would be measured and recorded over the respective vesting period. Additionally, an estimate of expected forfeitures would be required when determining the amount of expense to be recorded for the unvested portion as at transition date, as well as going forward.

- The Company is currently in the process of reviewing any stock options that remain unvested at February 1, 2011, and adjust the recording of the expense based on the IFRS requirement.

Income taxes

IFRS requires the recognition of deferred taxes in certain situations not required under Canadian GAAP. Specifically, a deferred tax liability (asset) is recognized for exchange gains and losses relating to foreign non-monetary assets and liabilities that are re-measured into the functional currency using historical exchange rates. Similar timing differences are also recognized for the difference in tax bases between jurisdictions as a result of intra-group transfer of assets.

In relation to flow-through shares, Canadian GAAP currently includes guidance on accounting for these securities in Section 3465, *Income Taxes*, and EIC-146, *Flow-through Shares*. On transition to IFRS, this guidance will be withdrawn. IFRS does not specifically address the accounting for flow-through shares or the related tax consequences arising from such transactions. However, recent CICA discussions and recommendations have concluded that an issuer of flow-through shares would need to assess first what had been issued, because the investor receives both an equity interest and a right to a stream of tax deductions. There is an element of a compound financial instrument, which would need bifurcation between equity and liability under IFRS. There are two policy choices available to the Company, which have been discussed in detail in section 7. The Company is in the process of reviewing the Policy choices available to the Company with respect to the deferred tax impact and the actual renouncement of exploration expenditures to investors.

Joint interest

Management will need to evaluate whether the arrangement relating to the portion of its oil and natural gas exploration and production activities conducted through joint interests would be classified as jointly controlled operation, jointly controlled asset, or jointly controlled entity under IFRS.

Additionally, the Company will need to decide on continuing the proportionate consolidation method, or adopt the equity method of accounting for the joint interest.

Presentation of Financial Statements

- The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS (i.e. interim financial statements for the three months ended April 30, 2011) will include numerous notes disclosing extensive transitional information with continuity reconciliations and full disclosure of all new IFRS accounting policies.

- The Company does not expect substantial changes on the presentation of expenses whether by nature or by function on the face of the consolidated statement of loss.

IFRS 1, First Time Adoption of IFRS

Deemed cost

Upon transition, the Company will not elect to measure oil and natural gas properties and other items of property and equipment at their deemed cost equivalent to fair value as at February 1, 2011 or revalue amounts previously determined under Canadian GAAP. Accordingly, it will use the carrying values as the IFRS balances as at February 1, 2011.

Share-based payments

IFRS 1 provides an exemption that allows entities not to apply IFRS 2, *Share-based Payment* to options granted before November 2002, as well as to options granted after November 2002, but vested prior to transition. The Company has elected to take this exemption

Business Combinations

The Company expects to apply the business combination exception in IFRS 1 and as such not apply IFRS 3 retrospectively to business combinations that took place prior to the date of transition.

Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer have evaluated the Company's disclosure controls and disclosures and concluded such controls and procedures are effective.

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 January 31, 2011	139,183,497	$23,659,958

Warrants Outstanding

The Company issued 40,852,123 warrants during the year ending January 31, 2011 with an exercise price of $0.28 with a two-year contractual life. There are 62,933,903 warrants outstanding at year end.

Stock Option Plan

The Company has a stock option plan to provide incentives to directors, officers and consultants of the Company. 12,725,000 options were granted year ended January 31, 2011 ranging from $0.25 to $0.40 and from 1 to 5 years in length. There are 12,725,000 options outstanding as at January 31, 2011.

Subsequent Events

On February 22, 2011, the Company granted to officers, directors and consultants of the Company 1.2 million options at a price of $0.40 for a term of five years on April 20, 2011, the Company granted to consultants of the Company 350,000 options at an exercise price of $0.50 for a term of three years.

Subsequent to year end the Company closed three tranches of financing totaling $5,997,450 comprised of 13,531,570 common share units at $0.35, where each unit includes a common share at $0.35 and a one-half common share purchase warrant, where a full warrant entitles the holder

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Subsequent to year-end 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 Dec. 31, 2012. Once SPE has completed the earning requirements by making the aforementioned payments, and by drilling the test well, SPE will earn an 80% working interest in the shallow rights within the farm-out lands, with PEI retaining a 20% working interest therein.

Signed

"*Brian Murray*"

Brian Murray
Chief Financial Officer
May 31, 2010