

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

65 Queen Street West, Suite 510  
Toronto, Ontario M5H 2M5

**Management Discussion and Analysis**

**For The Quarter Ended**

**April 30, 2011**

*The following Management Discussion and Analysis of Shoal Point Energy Ltd. (formerly Allied Northern Capital Corporation.) (“Shoal Point”, “SPE” 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 International Financial Reporting Standards (“IFRS”).*

*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.

## **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 its 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.

During the quarter, 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.

## **Selected Financial Information**

The following table provides selected consolidated financial information that should be read in conjunction with the consolidated financial statements of the Company.

	THREE MONTHS ENDED APRIL 30	
	2011	2010
Interest and Other Income	\$796	\$150,000
Operating Expenses	\$373,919	\$256,668
Comprehensive loss for the period	\$373,123	\$92,668
Gain (loss) per share	\$0.00	\$0.00
Mining interests	\$8,023,873	\$3,209,480
Total assets	\$20,233,902	\$8,953,883

### Overall Performance

During the quarter ended April 30, 2011, the Company recorded a net loss of \$372,123 (\$0.00) per common share compared to a net loss of \$92,668 (\$0.00) per common share for the quarter ended April 30, 2010. During the quarters ended April 30, 2011 and 2010, the Company recorded no revenues from operations. The receivable of \$1,849,221 due from CIVC is in respect of its share of the exploration costs on the 3K-39 will that are due and payable as of April 30, 2011.

### Expenses

	April 30, 2011	April 30, 2010	% Change
Office, general and administrative	\$ 92,169	\$ 107,667	(14.4)%
Management	\$ 46,000	\$ 94,500	(51.3)%
Consulting fees	\$ 134,418	\$ 22,500	497.4%
Professional fees	\$ 15,890	\$ 31,666	(49.8)%
Stock based compensation	\$ 70,282	\$ -	-

There were management fees of \$46,000 (April 30, 2010 - \$94,500), Legal and accounting fees for the quarter end ending April 30, 2011 of \$15,890 (April 30, 2010 - \$31,666) decreased over the comparative quarter due to the lesser activity of getting public and dealing with shareholder issues as a private Company. Office, general and administrative expenses for the quarter ending April 30, 2011 of \$92,169 (April 30, 2010 - \$107,667) also decreased due to the lesser activity involved with getting public and dealing with shareholder issues. Consulting fees of \$134,418 for the quarter ended April 30, 2011 (April 30, 2010 - \$22,500) increased by 497% was partly due to the change over to IFRS and increased activity because of the active well.

## **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 \$3,155,693 at quarter end. However ongoing well costs expenses will ultimately exhaust the resources of the Company. Accordingly, the Company will access the capital markets to raising funds, while successful in the past, might not be successful in the future.

During the quarter the Company closed two financings:

- (i) In February 2011, the Company completed a private placement of 13,531,570 common shares and 3,150,000 flow-through common shares for aggregate proceeds of \$5,996,050. The Company paid cash commission of \$149,247 and issued 393,634 broker warrants, pursuant to the financing.
- (ii) In April 2011, the Company completed a private placement of 6,763,667 common shares and 1,450,000 flow-through common shares for aggregate proceeds of \$3,768,650. The Company paid cash commission of \$199,544 and issued 422,810 broker warrants, pursuant to the financing.

Shoal Point also announces that it 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. Without this security in place, the logging of well 3K-39 would have been further delayed, and in management's opinion, further delays represented an unnecessary risk.

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 50 cents. 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.

### **Contractual Obligations**

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 December 31, 2012. Once Shoal Point has completed the earning requirements by making the aforementioned payments, and by drilling the test well, Shoal Point will earn an 80 percent working interest in the shallow rights within the farm-out lands, with PEI retaining a 20 percent working interest therein.

### **Off-Balance Sheet Transactions**

The Company has no off balance sheet transactions.

### **Private Placements**

During the quarter the Company closed two financings:

(i) In February 2011, the Company completed a private placement of 13,531,570 common shares and 3,150,000 flow-through common shares for aggregate proceeds of \$5,996,050. The Company paid cash commission of \$149,247 and issued 393,634 broker warrants, pursuant to the financing.

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### **Related Party Transactions**

Management fees of \$46,000 (April 30, 2010 - \$82,500) were paid and accrued by officers for administrative and financial management services. There were no directors fees charged for the quarter. As at April 30, 2011, accounts payable and accrued liabilities includes \$16,950 (January 31, 2011 - \$35,342) owing to related parties.

### **Future accounting pronouncements**

IFRS 9, Financial Instruments (“IFRS 9”) was issued by the International Accounting Standards Board (“IASB”) on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

### **Management’s evaluation of disclosure controls**

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company’s certifying officers. The Company’s Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company’s disclosure controls and procedures as at April 30, 2011 and have concluded that these controls and procedures are effective.

### **Internal Control over Financial Reporting:**

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at April 30, 2011.

### **Risks and Uncertainties**

The Company's business of oil and gas exploration is highly uncertain and risky by its very nature. In addition, the ability to raise funding in the future to maintain the Company's exploration and development activities is dependant on financial markets, which often fail to provide necessary capital.

Regulatory standards continue to change making the review process longer, more complex and more costly. Even if an apparently oil and gas discovery is developed, there is no assurance that it will ever reach production or be profitable, as its potential economics are influenced by many key factors such as commodity prices, foreign exchange rates, equity markets and political interference, which can not be controlled by management. As a result, the Company's future business, operations, and financial condition could differ materially from the forward-looking information contained in this MD&A's and described in the Forward-Looking Statements section below. For more comprehensive discussion of the risks faced by the Company, please refer to Shoal Point Ltd.'s MD&A as at January 31, 2010 filed on [www.sedar.com](http://www.sedar.com).

### **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](http://www.sedar.com).

#### **(b) Share Capital**

Authorized

Unlimited number of common shares

#### **Issued:**

#### **Common Shares**

Balance January 31, 2011

Shares

164,541,234

Value

\$39,345,603

### **Warrants Outstanding**

The Company issued 12,424,575 warrants, where each warrant entitles the holder to acquire an additional common share at a price of \$0.50 to \$0.35 for 18 months. There are 55,377,654 warrants outstanding at quarter end.

## **Stock Option Plan**

The Company has a stock option plan to provide incentives to directors, officers and consultants of the Company. 1,450,000 options were granted for the quarter ended April 30, 2011 ranging from \$0.40 to \$0.50 and from 2 to 5 years in length. There are 14,175,000 options outstanding as at April 30, 2011.

## **Forward Looking Statements**

*This report may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and operational results. By nature, these risks and uncertainties could cause actual results to differ materially from what has been indicated. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to failure to establish estimated resources and reserves, the grade and recovery of ore which is mined from estimates, capital and operating costs varying significantly from estimates, delays or failure in obtaining governmental, environmental or other project approvals and other factors including those risks and uncertainties identified above. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information as a result of new information, future results or other such factors which affect this information, except as required by law.*

Signed

*"Brian Murray"*

Brian Murray  
Chief Financial Officer  
July 28, 2010