SHOAL POINT ENERGY LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2018 AND 2017

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

“Brian Usher-Jones”	“Mark Jarvis”
Director	CEO, Chairman and Director

SHOAL POINT ENERGY LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Expressed in Canadian Dollars)

		July 31, 2018		January 31, 2018
ASSETS				
CURRENT				
Cash and cash equivalents	**$**	**751,863**	$	15,068
Accounts receivable		**10,857**		4,676
Prepaid expenses		**30,315**		24,110
		793,035		43,854
RECLAMATION DEPOSIT		**50,000**		50,000
OIL & NATURAL GAS PROPERTIES AND EQUIPMENT (Note 4)		**2,077,598**		2,004,029
	$	**2,920,633**	$	2,097,883
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**26,927**	$	34,707
Loan payable (Note 5)		**-**		35,547
		26,927		70,254
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		**60,378,273**		59,444,279
Warrants (Note 6)		**12,010,366**		11,876,223
Contributed surplus (Note 6)		**4,528,607**		4,403,988
Deficit		**(74,023,540)**		(73,696,861)
		2,893,706		2,027,629
	$	**2,920,633**	$	2,097,883

GOING CONCERN (Note 1)

COMMITMENTS AND CONTINGENCIES (Note 7)

Approved on behalf of the board:

"Brian Usher-Jones"	*"Mark Jarvis"*
Director	CEO, Chairman and Director

SHOAL POINT ENERGY LTD.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2018 and 2017
(Unaudited – Expressed in Canadian Dollars)

	Three Months July 31		Six Months July 31	
	2018	2017	**2018**	2017
Expenses				
Depreciation (Note 4)	**$ 549**	$ 324	**$ 954**	$ 648
Management salaries (Note 8)	**32,381**	50,400	**67,878**	100,800
Office, general and administrative	**33,885**	53,512	**67,265**	95,657
Professional fees	**15,388**	11,882	**49,161**	13,536
Rent	**8,621**	-	**17,009**	-
Share-based compensation (Note 6)	**1,116**	-	**124,619**	-
Loss from operations	**(91,940)**	(116,118)	**(326,886)**	(210,641)
Interest and other income	**99**	147	**207**	604
Net loss and comprehensive loss for the period	**$ (91,841)**	$ (115,971)	**$ (326,679)**	$ (210,037)
Loss per share				
Basic and fully diluted* (Note 9)	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.00)
Weighted average number of common shares outstanding*	**43,537,160**	21,766,350	**38,485,370**	21,766,350

* Post 25:1 share consolidation (Note 6)

The accompanying notes are an integral part of these condensed interim financial statements.

SHOAL POINT ENERGY LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Expressed in Canadian Dollars)

	Share capital		Warrants				
	Number of shares*	**Amount**	**Number of warrants ***	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
Balance, January 31, 2017	21,766,350	$ 59,444,279	2,760,640	$ 11,876,223	$ 4,403,988	$ (67,638,234))	$ 8,086,256
Comprehensive loss for the period	-	-	-	-	-	(210,037)	(210,037)
Balance, July 31, 2017	21,766,350	59,444,279	2,760,640	11,876,223	4,403,988	(67,848,271)	7,876,219
Comprehensive loss for the period	-	-	-	-	-	(5,848,590)	(5,848,590)
Balance, January 31, 2018	21,766,350	59,444,279	2,760,640	11,876,223	4,403,988	(73,696,861)	2,027,629
Shares issued for cash (Note 6)	21,770,810	1,088,541	-	-	-	-	1,088,541
Less: issuance costs - cash	-	(20,404)	-	-	-	-	(20,404)
Less: issuance costs – warrants	-	(134,143)	2,500,000	134,143	-	-	-
Stock-based compensation (Note 6)	-	-	-	-	124,619	-	124,619
Comprehensive loss for the period	-	-	-	-	-	(326,679)	(326,679)
Balance, July 31, 2018	**43,537,160**	**$ 60,378,273**	**5,260,640**	**$ 12,010,366**	**$ 4,528,607**	**$ (74,023,540)**	**$ 2,893,706**

* Post 25:1 share consolidation (Note 6)

SHOAL POINT ENERGY LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JULY 31, 2018 AND 2017
(Unaudited – Expressed in Canadian Dollars)

	July 31, 2018	July 31, 2017
Cash flows from operating activities		
Net loss for the period	**$ (326,679)**	$ (210,037)
Adjustments not effecting cash:		
Depreciation	**954**	648
Interest income	**-**	(604)
Share-based compensation	**124,619**	-
Changes in non-cash working capital		
Accounts receivable	**(6,181)**	2,550
Prepaid expenses	**(6,205)**	(15,175)
Accounts payable and accrued liabilities	**(7,780)**	42,866
Cash flows used in operating activities	**(221,272)**	(179,752)
Cash flows from investing activities		
Purchase of equipment	**(3,662)**	-
Oil and natural gas properties	**(70,861)**	(118,881)
Interest income	**-**	604
Cash flows used in investing activities	**(74,523)**	(118,277)
Cash flows from financing activities		
Repayment of loan	**(35,547)**	-
Proceeds from share issuances	**1,088,541**	-
Share issuance costs - cash	**(20,404)**	-
Cash flows provided by financing activities	**1,032,590**	-
Increase (decrease) in cash	**736,795**	(298,029)
Cash and cash equivalents, beginning of period	**15,068**	472,273
Cash and cash equivalents, end of period	**$ 751,863**	$ 174,244

The components of cash and cash equivalents are as follows:

Cash	**$ 740,819**	$ 174,244
Term deposit	**11,044**	-
	$ 751,863	$ 174,244

1. REPORTING ENTITY AND GOING CONCERN

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 203 – 700 West Pender Street, Vancouver, B.C. V6E 3V7. On October 26, 2010, the Company filed articles of continuance in Ontario. On November 23, 2010, the Company began trading on the CNSX (now the CSE) under the symbol SHP.

Effective February 7, 2018, the Company consolidated its common shares on the basis of one new common share for every twenty-five old common shares issued and outstanding at that time (Note 6). All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

The Company is in the exploration stage of exploring its oil and natural gas properties and has not yet determined whether these properties contain oil and natural gas resources that are economically recoverable, as a result, it is considered an exploration stage company. The recoverability of amounts shown for oil and natural gas properties is dependent upon the existence of economically recoverable reserves, securing and maintaining the title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production or proceeds from disposition of the oil and natural gas properties. In November of 2013, the Minister of Natural Resources announced that applications for hydraulically fracturing wells would not be accepted which effectively imposed a moratorium. In October 2014, the Government of Newfoundland appointed five members to the Newfoundland and Labrador Hydraulic Fracturing Review Panel ("NLFRP") to study the socio-economic and environmental impacts of hydraulic fracturing in western Newfoundland. The report was made public on May 31, 2016 recommending significant further study before hydraulic fracturing could be considered.

Shoal Point Energy Ltd. submitted a summary planning document to the applicable regulators in Newfoundland and Labrador (“C-NLOPB”) which did not involve hydraulic fracturing. The Board of the C-NLOPB met on July 25, 2017 and voted to reject the Company’s application to drill a new well. The Company has received a written response as to why the planning document was rejected and is currently assessing the Board’s decision.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. To continue as a going concern, the Company needs to raise the capital necessary to continue in its oil and natural gas exploration business and ultimately to achieve positive cash flow from operations. In the current economic market, there is no certainty that management will be successful in these efforts. Management intends to finance operating costs over the next twelve months with existing cash or private placements. These factors indicate the existence of a material uncertainty that may give rise to significant doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, using the same accounting policies as detailed in the Company’s audited annual financial statements for the year ended January 31, 2018. They do not include all the information required for complete annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and therefore should be read together with the audited annual financial statements for the year ended January 31, 2018.

These financial statements were authorized for issue by the board of directors on September 27, 2018.

2. BASIS OF PRESENTATION (cont’d)

Basis of Measurement
The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable.

Functional and Presentation Currency
These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and assumptions
The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and contingent assets and liabilities. Significant estimates include the recoverability of the carrying value of oil and natural gas properties, the fair value measurements and assumptions relating to financial instruments and stock based transactions, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Actual results could significantly differ from those estimates.

Significant judgments
The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include the classification of expenditures on oil and natural gas assets and the going concern assumption.

Accounting standards issued but not yet effective

IFRS 16 "Leases" replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company has not yet assessed the future impact of this new standard on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. All of the cash is deposited in bank accounts held with one major bank in Canada. Since all of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have any direct exposure to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any significant interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the exploration and development of its exploration and evaluation assets and to sustain future development of the business. The capital structure of the Company consists of equity and debt obligations, net of cash.

There were no changes in the Company's approach to capital management during the period and no restrictions.

(Unaudited – Expressed in Canadian Dollars)

3. FINANCIAL RISK AND CAPITAL MANAGEMENT (cont'd)

Classification of financial instruments

Financial assets included in the statements of financial position are as follows:

	July 31, 2018	January 31, 2018
Loans and receivables:		
Cash	$ 740,819	$ 4,068
Term deposit	11,044	11,000
Reclamation deposit	50,000	50,000
	$ 801,863	$ 65,068

Financial liabilities included in the statements of financial position are as follows:

	July 31, 2018	January 31, 2018
Non-derivative financial liabilities:		
Trade payables	$ 26,927	$ 34,707
Loan payable	-	35,547
	$ 26,927	$ 70,254

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

4. OIL AND NATURAL GAS PROPERTIES AND EQUIPMENT

	Oil and natural gas properties	Equipment and Software	Total
Cost			
Balance at January 31, 2017	$ 7,537,140	24,053	$ 7,561,193
Additions	152,692	856	153,548
Impairment	(5,689,832)	-	(5,689,832)
Balance at January 31, 2018	2,000,000	24,909	2,024,909
Additions	70,861	3,662	74,523
Balance at July 31, 2018	2,070,861	28,571	2,099,432

	Oil and natural gas properties	Equipment and Software	Total
Accumulated Depreciation			
Balance at January 31, 2017	$ -	$ 19,584	$ 19,584
Depreciation for the year	-	1,296	1,296
Balance at January 31, 2018	-	20,880	20,880
Depreciation for the period	-	954	954
Balance at July 31, 2018	-	21,834	21,834
Carrying Amounts			
As at January 31, 2018	$ 2,000,000	$ 4,029	$ 2,004,029
As at July 31, 2018	$ 2,070,861	$ 6,737	$ 2,077,598

4. OIL AND NATURAL GAS PROPERTIES AND EQUIPMENT (cont'd)

The Company currently has exploration license 1070 ("EL 1070") off the west coast of Newfoundland which total approximately 150,000 acres. In November of 2013, the Minister of Natural Resources announced that applications for hydraulically fracturing wells would not be accepted which effectively imposed a moratorium. In October 2014, the Government of Newfoundland appointed five members to the Newfoundland and Labrador Hydraulic Fracturing Review Panel ("NLFRP") to study the socio-economic and environmental impacts of hydraulic fracturing in western Newfoundland. The report was made public on May 31, 2016 and recommends, among other things, significant further study before hydraulic fracturing could be considered. The Company originally anticipated that it would use hydraulic fracturing to achieve commercial production. The Company submitted a summary planning document to the applicable regulators in Newfoundland and Labrador ("C-NLOPB") which did not involve hydraulic fracturing. The Board of the C-NLOPB met on July 25, 2017 and voted to reject the Company's application to drill a new well. As a result, the Company recorded an impairment of $5,689,832 to reduce the carrying value to an estimated net realizable amount of $2,000,000 as at January 31, 2018.

5. LOAN PAYABLE

During the year ended January 31, 2018, the Company received a total of $35,000 from the former CFO of the Company, which was a loan made to the Company to finance its activities in order to continue its operations. The loan was due on demand, unsecured, had no maturity date and bore interest at a rate of 10% per annum. During the six months ended July 31, 2018, the Company repaid the outstanding balance of the loan in full.

6. EQUITY INSTRUMENTS

(a) Share Capital

Shares issued during the six months ended July 31, 2018

On March 13, 2018, the Company completed an equity rights offering (the "Rights Offering") and issued a total of 21,770,810 common shares raising total gross proceeds of $1,088,541. In connection with the financing, the Company incurred $20,404 in share issue costs.

In consideration for providing a standby commitment, certain individuals were granted, in aggregate, 2,500,000 warrants, each entitling the holder to subscribe for one common share at $0.06 per share until March 13, 2021. The fair value of these warrants has been determined to be $134,143 and was estimated using the Black-Scholes Option Pricing Model with the following weighted-average assumptions: market value of underlying stock of $0.06; risk free rate of 1.10%; expected term of 5 years; exercise price of $0.06 per share; volatility of 186%; and expected future dividends of nil.

Shares issued during the year ended January 31, 2018

There were no share issuances for the year ended January 31, 2018

(b) Share consolidation

Effective February 7, 2018, the Company consolidated its common shares on the basis of one new common share for every twenty-five old common shares issued and outstanding at that time. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

(Unaudited – Expressed in Canadian Dollars)

6. EQUITY INSTRUMENTS (cont'd)

(c) Stock option plan and stock-based compensation

The Company has a stock option plan to provide employees, directors, officers and others providing consulting services with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of an option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares.

The following table summarizes information concerning the Company's stock options outstanding:

	July 31, 2018		January 31, 2018	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning	1,660,000	$ 1.25	1,660,000	$ 1.25
Options granted	2,600,000	$ 0.07	-	-
Options expired	(20,000)	$ 3.75	-	-
Options outstanding, ending	4,240,000	$ 0.53	1,660,000	$ 1.25
Options exercisable, ending	4,165,000	$ 0.53	1,660,000	$ 1.25

Details of options outstanding as at July 31, 2018 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding
$1.25	3.05 years	1,640,000
$0.07	4.63 years	2,600,000
$0.53	4.02 years	4,240,000

The grant date fair value of share purchase options granted during the six months ended July 31, 2018 has been estimated using the Black-Scholes Option Pricing Model with the following weighted-average assumptions: market value of underlying stock of $0.05; risk free rate of 1.60%; expected term of 5 years; exercise price of the option of $0.07 per share; volatility of 203%; and expected future dividends of nil, for a weighted average grant date fair value of $0.0487 per option. 2,500,000 of these stock options vested upon grant, and 100,000 of these stock options vest in four equal instalments with the first tranche vesting upon grant and the rest every six month thereafter. During the three and six months ended July 31, 2018, stock based compensation of $1,116 and $124,619 was recognized (2017 – $nil and $nil).

(d) Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the six months ended July 31, 2018:

	July 31, 2018		January 31, 2018	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning	2,760,640	$ 1.25	2,760,640	$ 1.25
Warrants issued	2,500,000	$ 0.06	-	-
Warrants outstanding, ending	5,260,640	$ 0.68	2,760,640	$ 1.25

(Unaudited – Expressed in Canadian Dollars)

6. EQUITY INSTRUMENTS (cont'd)

(d) Warrants (cont'd)

At July 31, 2018, the following warrants were outstanding:

Exercise price	Number outstanding	Weighted average remaining contractual life (in years)
$1.25	2,485,600	2.06
$1.25	235,040	2.24
$1.25	40,000	2.62
$0.06	2,500,000	2.62
	5,260,640	2.34

7. COMMITMENTS AND CONTINGENCIES

The Company was named as a defendant in a $3,414,000 lawsuit relating to seismic data which the litigant, Geophysical Services Inc., claims was disclosed by NWest Oil & Gas Inc. ("NWest") to the Company when the Company acquired certain acreage from NWest in a prior year. Management believes the claim to be frivolous towards the Company and without merit. The Company has filed a Summary Dismissal Application with the Alberta Court. A date for hearing of this Application has not been set. No loss provision has been recorded.

In February 2015, Irwin Lowy LLP filed a claim against the Company for $66,469 for unpaid legal services. The Company is contesting this amount and filed a counter-claim along with a statement of defense which seeks an offset of this amount. No loss provision has been recorded as a result.

8. RELATED PARTY TRANSACTIONS

Key management consists of the Company's directors and officers. Details of key management compensation are as follows:

	Three Months July 31		Six Months July 31	
	2018	2017	**2018**	2017
Management salaries	**$ 32,381**	$ 50,400	**$ 67,878**	$ 100,800
Professional fees	**8,739**	-	**8,739**	-
Share-based compensation	**1,116**	-	**88,101**	-
	$ 42,236	$ 50,400	**$ 164,718**	$ 100,800

During the year ended January 31, 2018, the Company received a total of $35,000 from the former CFO of the Company, which was a loan made to the Company to finance its activities in order to continue its operations. The loan was due on demand, unsecured, had no maturity date and bore interest at a rate of 10% per annum. During the six months ended July 31, 2018, the Company repaid the outstanding balance of the loan in full.

9. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share has been calculated by dividing the net loss per the financial statements by the post 25:1 share consolidation weighted average number of common shares outstanding during the period. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the six months ended July 31, 2018 and 2017, the inclusion of options and warrants in the calculation of diluted earnings per share would be anti-dilutive, and accordingly, were excluded from the diluted loss per share calculation.