

April 21, 2020

CSE: SHP

Shoal Point provides update

(Vancouver) – Mark Jarvis, CEO of Shoal Point Energy (CSE – SHP), today provided an update of corporate operations.

“Our operations have been severely impacted by the coronavirus, the consequent demand destruction in oil products, and the oil price war between Saudi Arabia and Russia,” said Mr. Jarvis. “The pandemic could continue to have a negative impact on the stock market, including the trading price of our shares, our Company’s ability to raise fresh capital and our liquidity.”

At the Mount Evans project in Kansas, the company continues to pump the lower, secondary zone in its first well. The goal is to ascertain whether the reservoir is a water drive or a solution gas drive, and this would also provide valuable information about the upper, primary zone prior to completing it. “The jury is still out on that question,” said Mr. Jarvis. “We are pumping very slowly in case it is a water drive, and at current oil prices, there is little incentive to take the risk of increasing production. Consequently, it may be another two months or more before we have the information necessary to increase the pumping rate. When on production, the oil cut has ranged between 7 and 35 barrels per day. There is no incentive to move up the hole and complete our primary zone or to drill any more wells until oil prices improve.”

The well’s break even oil price on an operating basis from the secondary zone is approximately \$20 per barrel. Storage facilities in the United States are filling up and there is a possibility that the Mount Evans production could be shut in for lack of storage space. Reports are that the U.S. government is debating whether to buy up to 75 million barrels for the Strategic Reserve, which would solve the storage issue and probably have a positive impact on the price, but there can be no assurance that this will happen. Sustained pricing below \$20 per barrel could also lead to a decision to shut the well in until prices improve.

“Long term we remain optimistic about the Mount Evans play,” said Mr. Jarvis. “In contrast to conventional plays such as Mount Evans, shale oil production, the source of most new U.S. production the last few years, had challenging economics when oil was at \$55 per barrel. We think shale production will decline significantly at current pricing. As I write this, spot prices for WTI are negative \$35 per barrel, while the June contract is at (positive) \$21 per barrel.”

About Shoal Point Energy Ltd.

Shoal Point Energy Ltd. is a public company listed on the CSE exchange under the symbol “SHP”. The company is focused on its Mount Evans project in Kansas and retains its oil and gas interests in the Humber Arm Allochthon play in western Newfoundland.

For further information, please contact:

Mr. Mark Jarvis, Chief Executive Officer, Tel: 416-637-2181 extension 310

The Canadian Securities Exchange (CSE) has neither approved nor disapproved the contents of this news release.