

**May 5, 2011**

**For Immediate Distribution**  
**CNSX: SHP**

## **Shoal Point Provides a Further Update on Well 3K-39 and Announces Private Placement Financing for \$3,723,650 and Short Term Loan Financing for \$2.2 million**

**Toronto, ON:** Shoal Point Energy Ltd. (the “Company”) (SHP on CNSX) announces that the drilling and logging of Well 3K-39 at Shoal Point have now been completed to a depth of 1,745 metres. Data from the logging has been forwarded to NuTech Energy Alliance, Ltd (“NuTech”), our petrophysical specialists in Houston, TX, for analysis. As noted in a press release on April 1, 2011, the Company has also collected 10 cores over five intervals in the wellbore and these data sets will now be integrated into a comprehensive analysis in order to determine pay zones and prospective intervals for open-hole testing. A 5-1/2 inch (140 millimetres) casing string will be run and cemented in anticipation of future completion for production.

Because of hole conditions, several attempts were made to acquire logs using different conveyance methods. The Company now has wireline logs from 400–600 metres (the interval just below surface casing) and the lowermost interval in the wellbore, 1670-1745 metres. In addition, the Company has obtained a complete logging run from bottom hole to surface casing using LWD (logging-while-drilling) tools. Since this is the first well ever designed to evaluate the Green Point Formation and other similar rocks within the Cow Head Group, it was considered of paramount importance to obtain the most complete and highest quality logs possible, and the Company is satisfied that such results are in hand.

As noted in earlier communiqués, light oil shows have been observed in cuttings and core throughout the well, and suggest that these deep water cyclical deposits not only contain thick unconventional targets in organic-rich shales, but also may contain conventional zones occurring within these coarsening and cleaning upward cycles. To that extent, as the Company has believed for some time, the Green Point/Cow Head can be considered a “hybrid” play in that it contains elements of both unconventional (shales and siltstones) and conventional (permeable sandstone and carbonate) play types. As many as thirty of these cycles are observed from an early visual examination of the 3K-39 logs, and continue to point to the potential for multiple completion targets as indicated in earlier NuTech analysis (see News Release of April 20, 2011).

### **Private Placement and Short Term Loan Financing:**

Shoal Point also announces that it has completed a private placement to raise a total of \$3,723,650. The proceeds of the financing are being used to retire the short term debt (see below) incurred to ensure completion of the logging and testing of Well 3K-39 and also for general working capital purposes.

The financing was comprised of 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% totalled \$195,519 and in addition, the brokers warrants of 6% 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.

Shoal Point also announces that it borrowed \$2,200,000 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 managements' opinion, further delays represented an unnecessary risk.

In connection with this transaction, Shoal Point issued a \$2,200,000 secured promissory note to the lender and granted the lender a security interest over its assets. The lender will receive 1,000,000 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.

### **About Shoal Point Energy Ltd.**

Shoal Point Energy Ltd is a public company earning an 80.75% interest in Exploration Licence #1070 in the Province of Newfoundland comprising approximately 150,000 acres of oil-in-shale and the right to earn a net 48% interest in approximately 67,285 acres in Exploration Licence #1120.

In addition, Shoal Point has a 6 - 14% interest in a gas prospect in the Province of New Brunswick.

Shoal Point currently has 164,304,734 common shares issued and outstanding.

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**Visit our website at [www.shoalpointenergy.com](http://www.shoalpointenergy.com)**

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*Except for historical information contained herein, this news release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. The forward looking statements contained in this press release are made as of the date hereof and Shoal Point Energy Ltd. undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

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