SHOAL POINT ENERGY

Core from 3K-39 well
showing oil fluorescence

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SHOAL POINT
energy

51-101 Compliant Resource Assessment
SUMMARY OF EVALUATION

Estimated Net Resource Volumes
Certain Leasehold Interests of
Shoal Point Energy, Ltd. (WI = 100%)
Prospective Undiscovered Resource Volumes
As of March 1, 2014

Net Recoverable Resources	**Low Estimate**	**Best Estimate**	**High Estimate**
Oil/Condensate – Bbls	177,270,000	428,420,000	908,620,000
Gas – MMCF	0	0	0

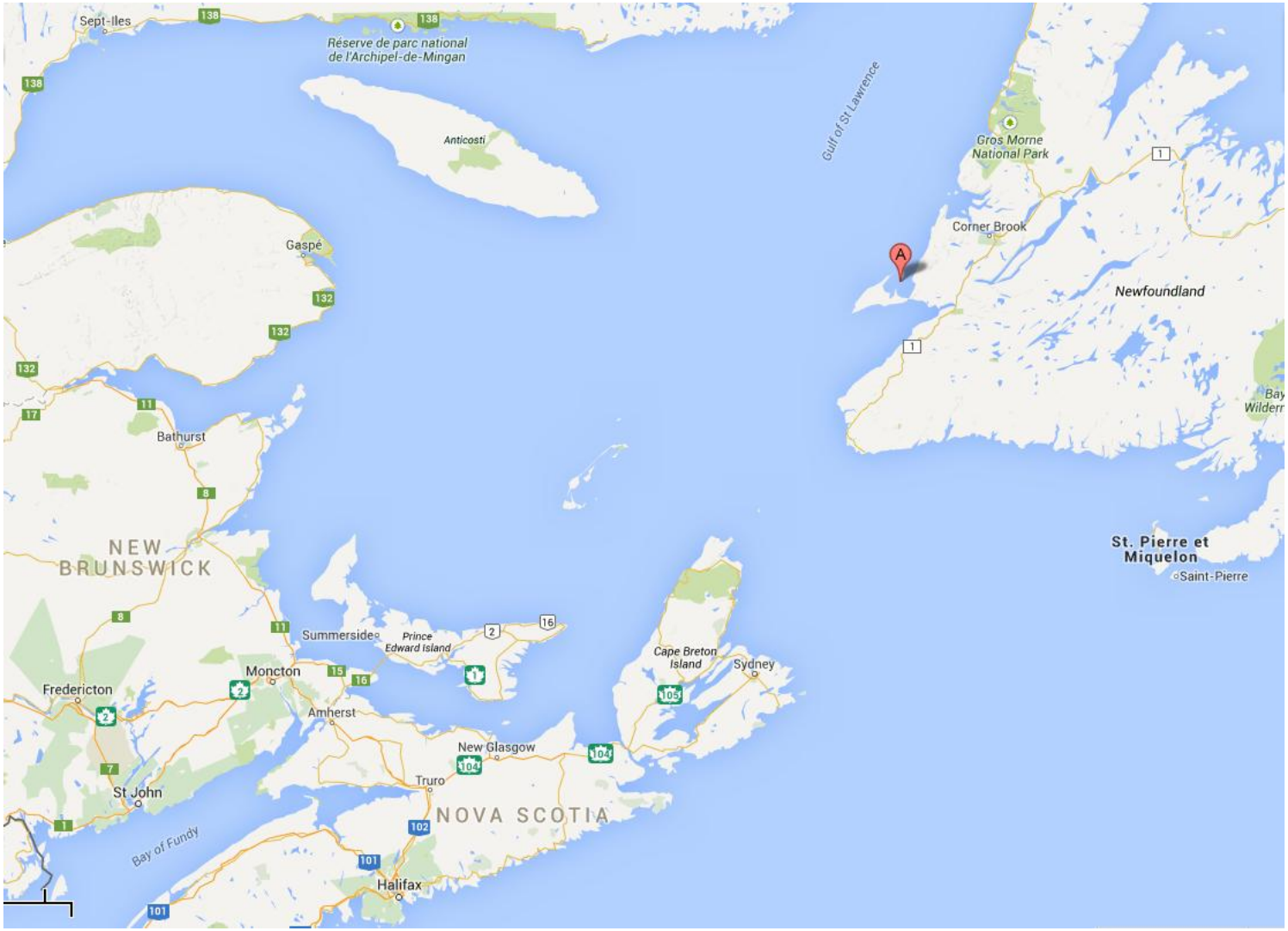
Gas resources for these properties are comprised of solution gas volumes and are expressed in millions of cubic feet (MMCF). Gas resource volumes are assumed to be utilized for field operations and not available for gas market sales. All oil volumes are expressed in standard tank barrels (Bbls).

Author: Morning Star CONSULTANTS, LLC

Prospective resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market, facility, corporate commitment or political risks). The chance of commerciality is the product of these two risk components. The prospective resource estimates referred to herein have not been risked for either the chance of discovery or the chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

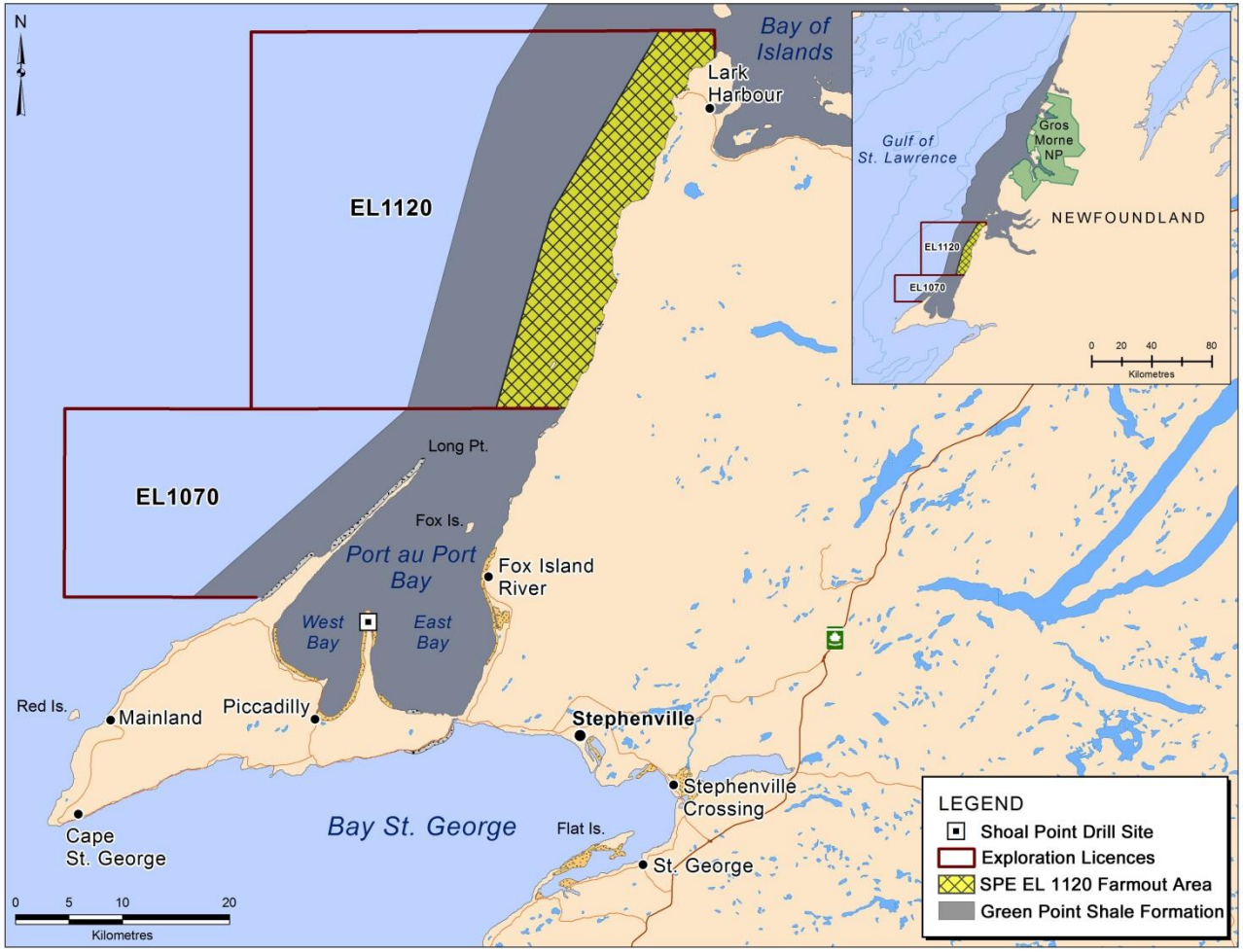
The Low Estimate represents the P_{90} values from the probabilistic analysis (i.e. the value is greater than or equal to the P_{90} value 90% of the time), while the Best Estimate represents the P_{50} values and the High Estimate represents the P_{10}. Actual resources may be greater or less than those calculated.

PROJECT LOCATION



SHOAL POINT ENERGY

Exploration Licences #1070 and #1120



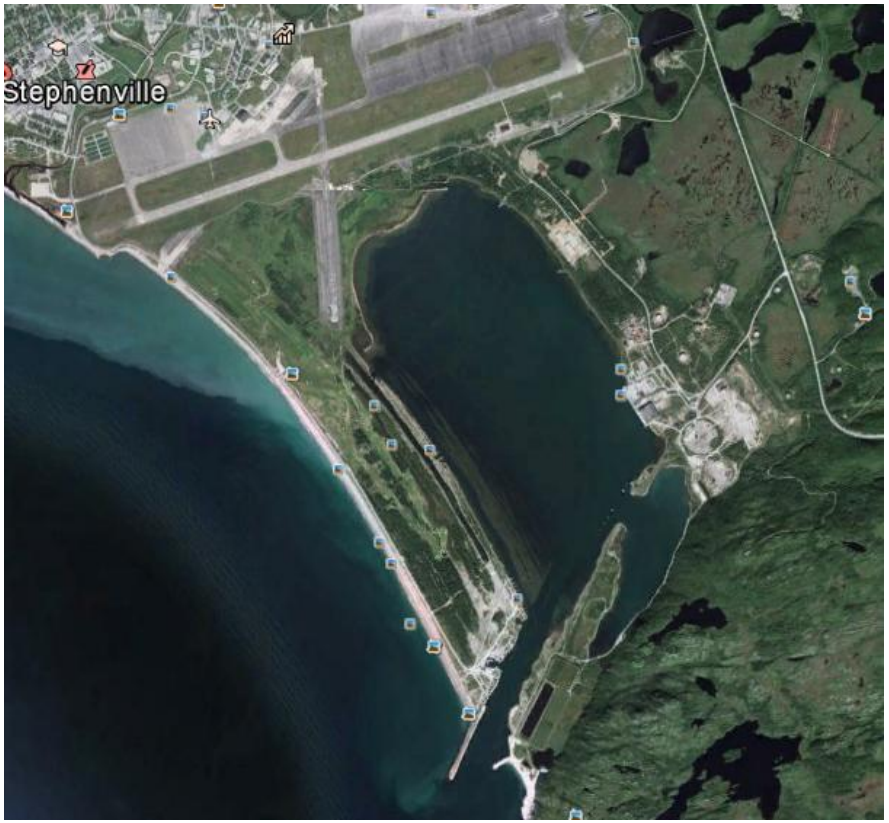
Wells to be drilled from onshore surface locations utilizing multi well Pads.

Shoal Point is operator and representative of EL 1070 and has certain farm-in rights on EL 1120

Approximately 60,000 prospective hectares in EL 1070

STEPHENVILLE PORT:

Low transportation costs



Year round deep sea port and airport
30 km. from Shoal Point

SUMMARY OF DRILLING HISTORY

Total wells: Approximately 17

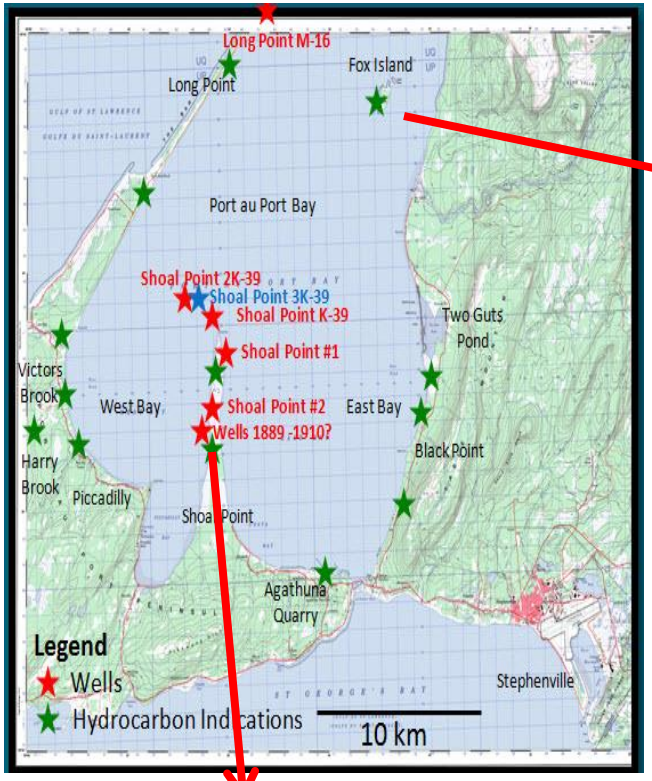
Historical Era:

- Approximately 11 shallow wells (1898 – 1933)
  - Produced 10-20 BOPD
  - Drilled to 51 – 366 meters TD

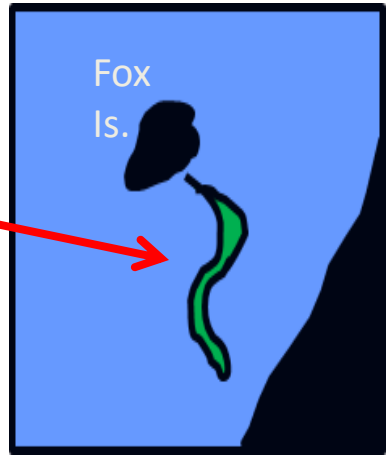
Modern Era:

- 6 deeper wells drilled (1996 – 2012)
- Lacked current drilling and completion technology for shales

Seeps: Evidence of Active Petroleum System



Oil and Gas seeps, Oil Stained Outcrops Surrounding The Bay



Satellite Seep Identification

Gas Seep

Oil Seep One Mile South of 3K Well

SHOAL POINT FIELD ATTRIBUTES

Unconventional Reservoir – Humber Arm Allochthon Shales

- Large volume of OOIP with best estimate Prospective Recoverable Resources of 428 MMBO.
- Thick section of reservoir pay and large areal extent with better porosity than similar plays.
- Black oil system confirmed by production and outcrop seeps.
- Natural fractures created by tectonics and hydrocarbon generation should enhance productivity. Potentially producible without massive fracture stimulation.

Conventional Reservoirs

- Stratigraphic trapping in numerous porous clastic and carbonate reservoirs interlayered within the Humber Arm Shales.
- Structural traps created by basement highs and by intrusives.

GLOBAL ANALOGOUS PROJECTS

Based Upon Geological or Operational Parameters:

Bakken Shale
Western Canada Montney Shale
Ohio-Pennsylvania Utica
Argentina's Vaca Muerta
Permian Basin

There may be Bakken style trapping and reservoir development in the deeper part of the Humber Arm Allochthon.

From a 2011 Colorado School of Mines presentation by Sarg, et al regarding the Bakken:

"Mature over much of the basin, and still generating oil. Large fields (Elm Coulee, Sanish, Parshall) are situated at transition from mature to immature level of maturation. Volume increases during maturation by as much as 30%. Volume decrease at the transition to immature source rock is important to providing updip top and lateral seal."

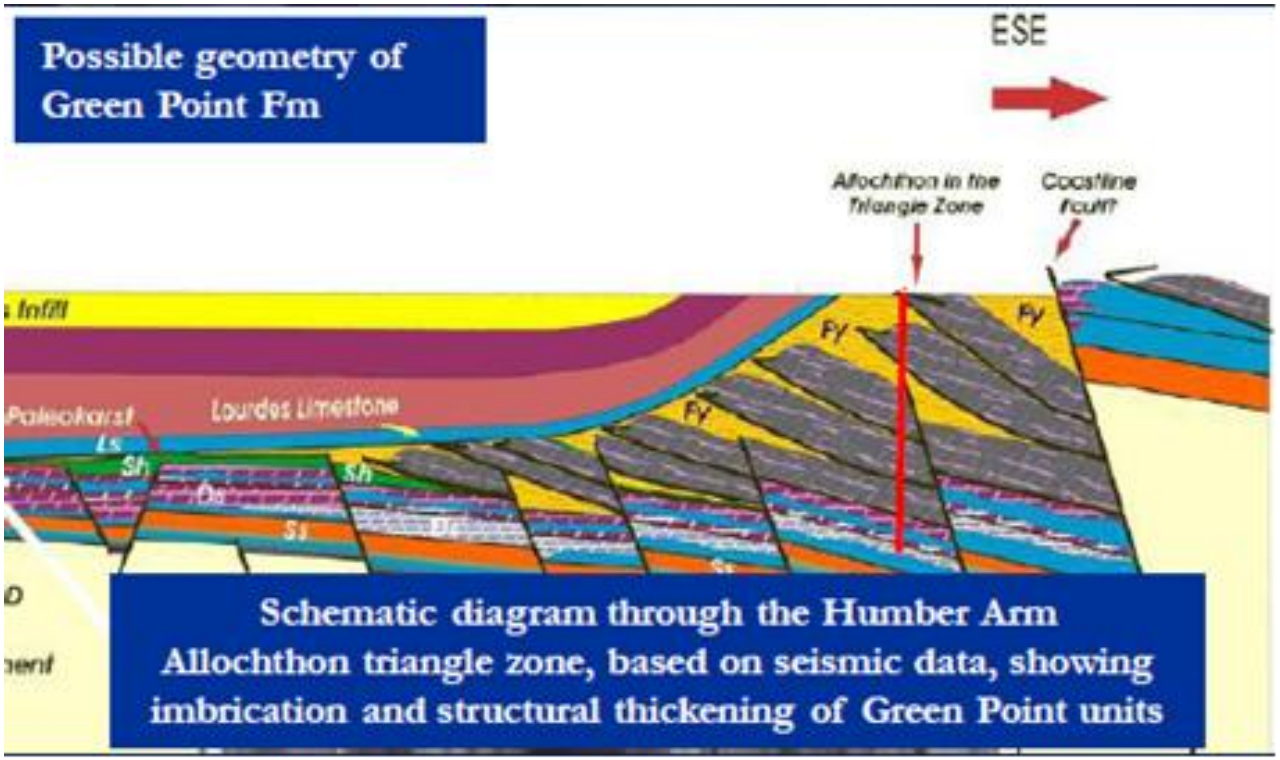
"The Upper Bakken shale is siliceous, increasing brittleness and enhancing fracability. During oil generation, the volume increase causes overpressure (0.6 - 0.73 psi/ft pressure gradient) and horizontal micro-fractures in the shale, enhancing permeability."

We hypothesize that the enhanced porosity and permeability we see in the Humber Arm shales are caused by volume increase due to oil generation. Humber Arm shales are also siliceous and there is overpressure recorded at approximately 1000 metres true vertical depth.

SHOAL POINT FIELD ATTRIBUTES

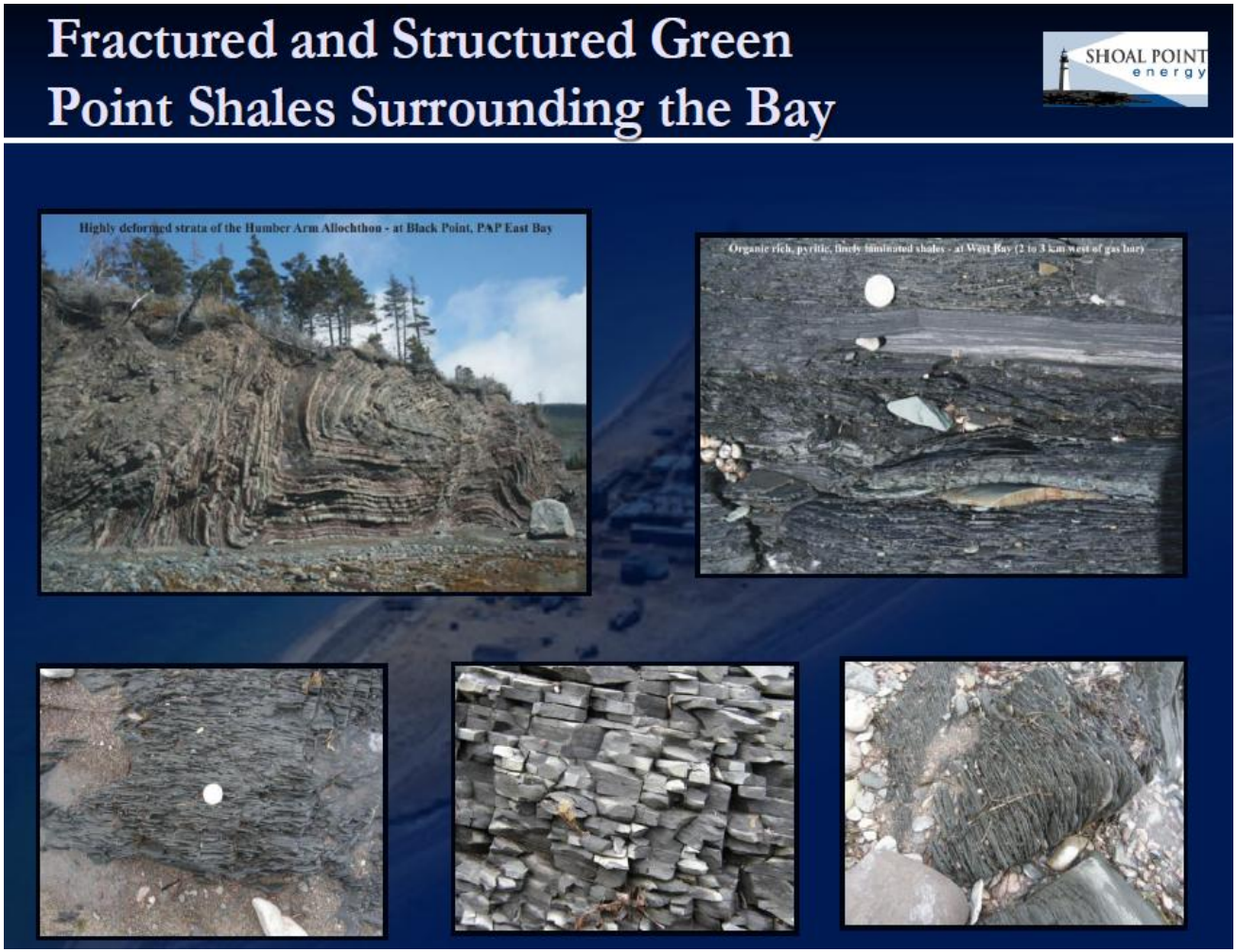
- Extensive shale formation with thickness ranging from 1000 – 3000 metres
- Multi well pad drilling to minimize drilling costs and surface footprint – wells drilled from onshore to offshore
- Low Canadian dollar costs
- Tidewater play with access to nearby deep sea port
- Governmental Agencies Have a High Degree of O&G Expertise
- Local Upstream Workforce Available
- Moderate Weather Conditions 9 months of the year
- Modern Drilling and Completion Methods Yet To Be Applied

RESERVOIR GEOLOGY



1,000 – 3,000 meter thickness due to repeating beds

RESERVOIR GEOLOGY

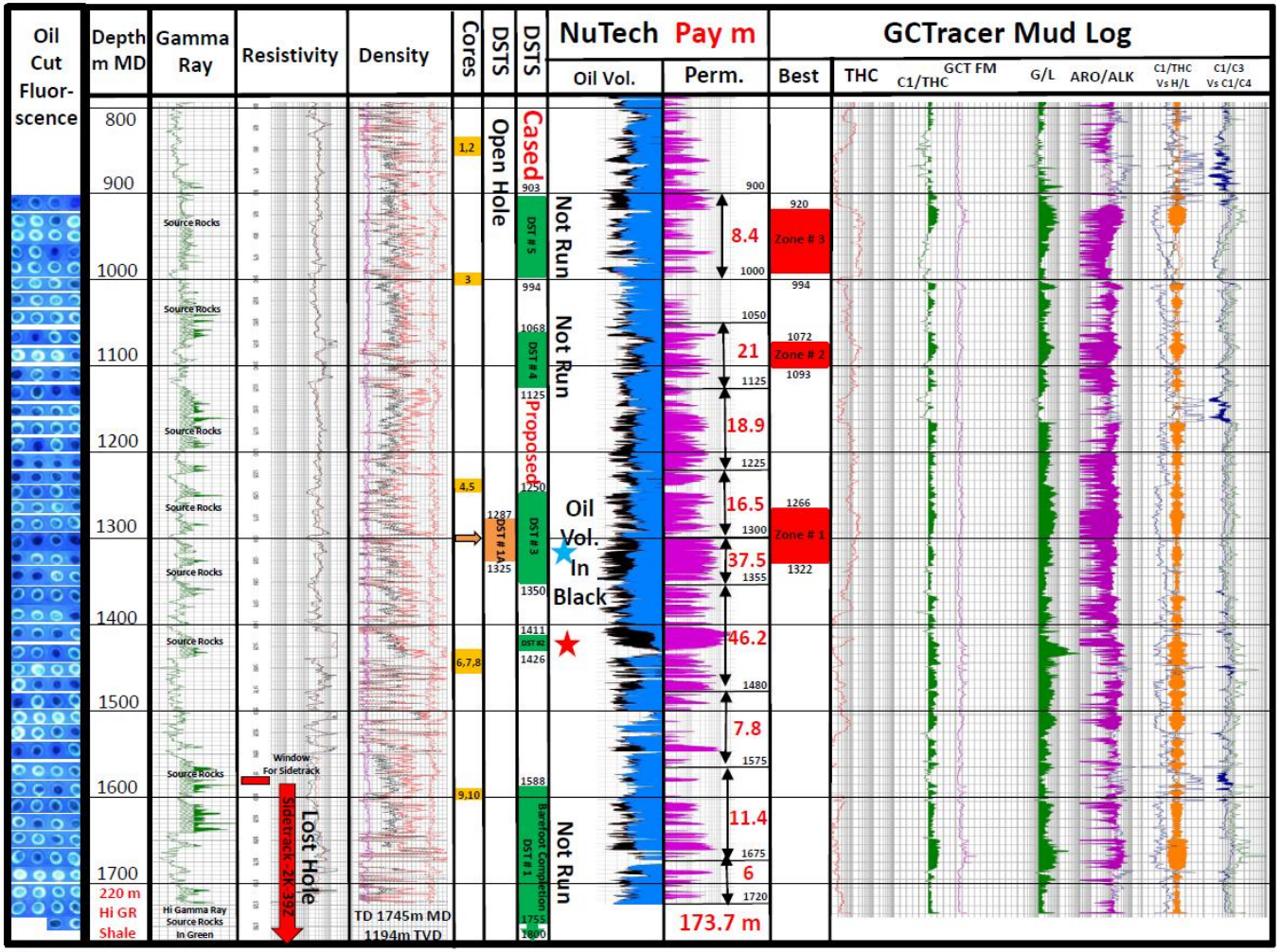


NuTech Evaluation

Humber Arm Shales

RESERVOIR GEOLOGY

Shoal Point 3K-39 - 800 to 1720m Oil Indications

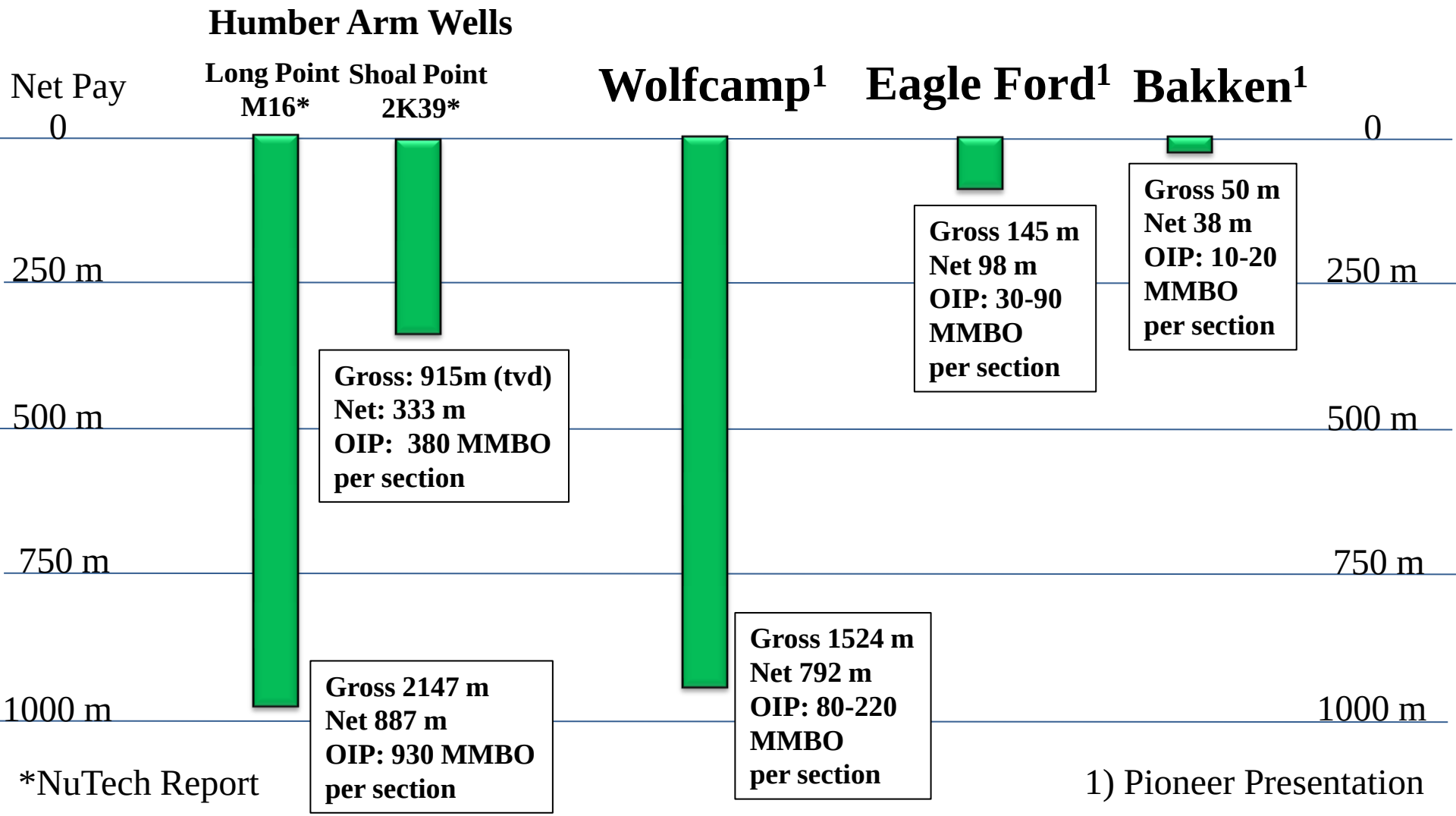


★ DST 2 Injection test 14 day. Perm of 16 microdarcies and pore pressure at 0.49 psi/ft, 10% overpressured

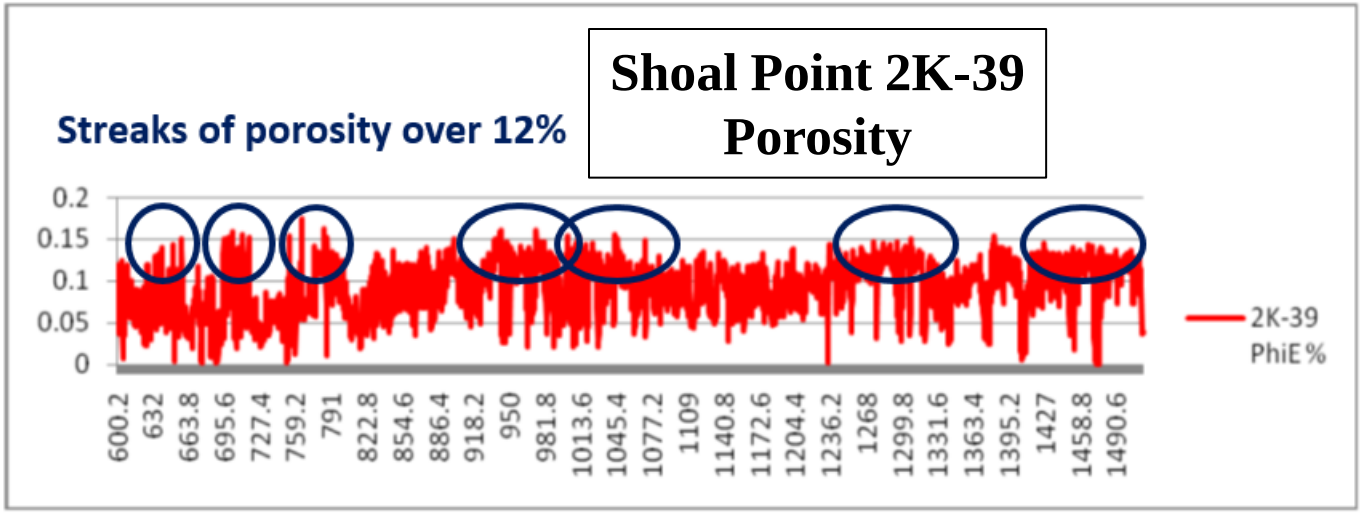
★ DST 3 Swabbed numerous times with no formation fluid influx Suspected major Formation damage and need for fracking

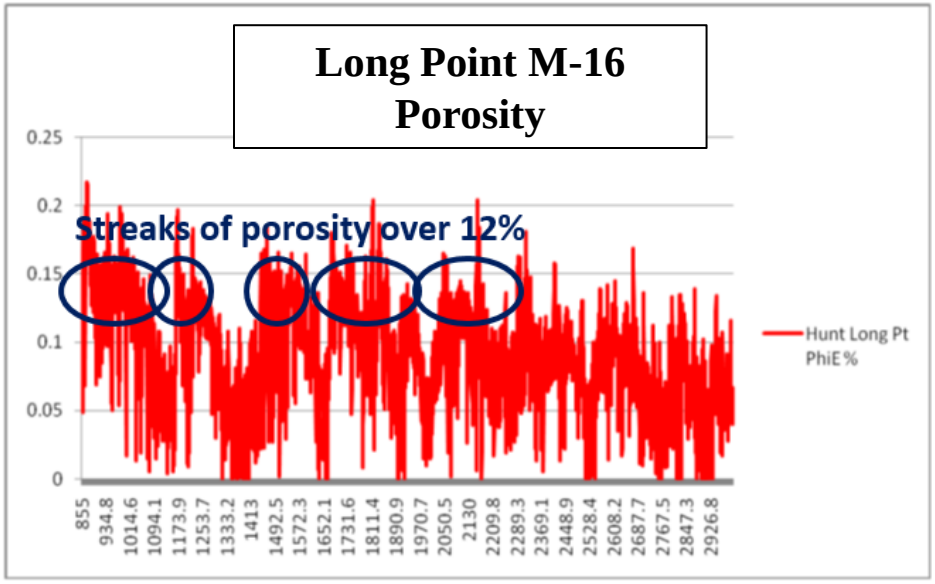
Stratification of Potential Conventional Reservoirs With Source Shales Provides a Favorable Analogy with the Monterrey & Sprayberry-Wolfcamp

Humber Arm Shales Comparison
Thickness and Oil in Place



Humber Arm Shale Porosities





These thick sequences include multiple rich oil prone shales which feed oil into the thick multiple beds of siltstones, sandstones and carbonates.

US Shale Parameter Comparison

Shale Play Parameters	Barnett	Haynesville	Marcellus	Eagle Ford	Niabrara	Utica/Point Pleasant
Basin	Ft. Worth	East TX, LA	Appalachian	Maverick	DJ & Powder River	Appalachian
Age	L. Mississippian	U Jurassic	Devonian	U Cretaceous	L Cretaceous	M-U Ordovician
Depth (m)	1,981 - 2,591	3,200 – 4,115	1,219 - 2,591	2,438 - 4,267	610 – 2,438	610 – 3,048
Net Thickness (m)	30 - 122	61- 91	15 - 107	46 - 91	91 - 183	43 - 98
TOC (%)	3 - 7.5	.05 - 4	3 - 10	2 - 6	3 - 5.8	1 - 2.75
Total Effective Porosity (Ave) %	4 - 8	7 - 8	4.5- 7	9 - 11	3 - 5.8	1 - 2.75
Average Permeability -micro Darcy (µD)	0.25	0.27	1.00	0.48	0.19	0.54
Average Lateral Length (m)	762 – 1,067	1,067 – 1,158	762 -1,524	1,158 - 1,676	1,067 – 1,524	1,219 – 1,981
Oil/Gas Content/section	300-350 BCFE	100 - 330 BCFE	60 - 150 BCFE	200 - 220 BCFE	21-43 MMBOE	4 - 16 MMBOE
Ave Vclay (%)	21	39	30	18	35	30
IP	1 - 9 MMCFE/D	9 - 25 MMCFE/D	2.5 - 20 MMCFE/D	5 - 17 MMCFE/D	100 - 1000 BOE/D	400 - 1,100 BOE/D
EUR	2 - 5 BCFE/WELL	4.5 -10 BCFE/WELL	2-10 BCFE/WELL	3-8 BCFE/WELL	50-500 MBOE/WELL	98 - 1,760 MBOE/WELL
Mudlog Shows	Yes	Yes	Yes	Yes	Yes	Yes
Pore Pressure Gradient (psi/ft)	0.6	0.75	0.5 - 0.6	0.52 - 0.65	0.49	0.5 - 0.8

Shoal Point 3K-39 Parameters
Humber Arm Shales

Interval Parameters	Interval #2	Interval #3	Interval #4	Interval #5
Age	Ordovician	Ordovician	Ordovician	Ordovician
Depth M	1,411 - 1,426	1,250 - 1,350	1,068 - 1,125	903 - 994
Net Thickness (M) Measured*	16	76	24	28
Ave TOC (%)	2.7	1.8	1.7	1.8
Total Effective Porosity (Ave) (%)	11.8	13	8.8	10.6
Average Permeability µD Derived from well test*	16	1.44	0.33	0.27
Oil Content/Section (MMBOE/Sec)	18.4	58.3	20.9	26
Ave Vclay (%)	26	32	34	36
Mudlog Shows	Yes	Yes	Yes	Yes
Pore Pressure Gradient (PSI/Ft) Derived from well test	0.49			
* DD-3K-39 well is drilled at approximately 54 degree deviation through this interval				

Humber Arm Shales and US Shale Comparison

Shoal Point 3K-39 – Best Zones

Zone	#1	#2	#3	#4
Thickness m	16	76	24	28
Porosity %	11.8	13.0	8.8	10.6

Shoal Point 2K-39 - Best Zones

Zone	#1	#2	#3
Thickness m	123	107	103
Porosity %	8	9.7	10.1

Average Porosity Based on NuTech Analysis

Long Point M-16 – Best Zones

	#1	#2	#3	#4	#5
Thickness m	146	94	94	106	123
Porosity %	13.8	10.3	11.2	9.6	8.8

US Shale Comparison

Shale Plays	Barnett	Haynesville	Marcellus	Eagle Ford	Niobrara	Utica/Pt. Pleasant
Thickness m	30-122	61-91	15-107	46-91	91-183	43-98
Porosity %	4-8	7-8	5-7	9-11	6-7.5	4-5