

EARLY WARNING REPORT

Pursuant to Section 5.2 of Multilateral Instrument 62-104 – *Takeover Bids and Issuer Bids*

1. The Name and address of the offeror:

Foothills North West Holdings Corp. ("FNW")
Suite 600, 95 Mural Street
Richmond Hill, ON L4B 3G2

2. The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:

On January 14, 2013 (the "**Initial Closing Date**"), FNW acquired ownership and control of 12,500,000 units ("**Tranche 1 Units**") of Shoal Point Energy Ltd. ("**Shoal Point**") pursuant to a subscription agreement (the "**Tranche 1 Subscription Agreement**"). Each Tranche 1 Unit consists of one common share in the capital of Shoal Point (a "**Share**") and one common share purchase warrant (a "**Tranche 1 Warrant**"). Subject to adjustment, each Tranche 1 Warrant entitles FNW to purchase one additional Share, at a price of \$0.15 per Share, for a period of 18 months from the Initial Closing Date.

On February 1, 2013 (the "**Second Closing Date**"), FNW acquired ownership and control of an additional 20,000,000 units (the "**Tranche 2 Units**") of Shoal Point (each Tranche 2 Unit consisting of one Share and one common share purchase warrant (a "**Tranche 2 Warrant**")) pursuant to a further subscription agreement with Shoal Point (the "**Tranche 2 Subscription Agreement**"). Subject to adjustment, each Tranche 2 Warrant entitles FNW to purchase one additional Share, at a price of \$0.15 per Share, for a period of 18 months from the Second Closing Date.

The 32,500,000 Shares acquired pursuant to the Tranche 1 Subscription Agreement and the Tranche 2 Subscription Agreement represent approximately 8.5% of the total issued and outstanding Shares as at the date of this report.

When added to the 32,500,000 Shares acquired by FNW, the Shares that may be purchased by FNW upon the exercise of the Tranche 1 Warrants and the Tranche 2 Warrants (an additional 32,500,000 Shares) would represent approximately 15.6% of the total number of issued and outstanding Shares, based upon the number of Shares outstanding as at the date of this report and the number of additional Shares issuable upon the exercise of the Tranche 1 Warrants and the Tranche 2 Warrants.

The Shares, the Tranche 1 Warrants and the Tranche 2 Warrants acquired by FNW in connection with the Tranche 1 Subscription Agreement and the Tranche 2 Subscription Agreement are legally and beneficially owned by FNW as at the date of this report.

3. The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligation to file the news release:

FNW currently holds 32,500,000 Shares, representing approximately 8.5% of the total number of issued and outstanding Shares as at the date of this report. Assuming the exercise of all of the common share purchase warrants currently held by FNW, FNW would hold 65,000,000 Shares,

which would represent approximately 15.6% of the total number of issued and outstanding Shares, based on the number of Shares outstanding as at the date of this report and the number of additional shares issuable upon the exercise of such common share purchase warrants.

4. The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

(a) the offeror, either alone or together with any joint actors, has ownership and control:

FNW has ownership of and control over 32,500,000 Shares, representing approximately 8.5% of the total number of issued and outstanding Shares as at the date of this report. FNW also has ownership and control over 32,500,000 common share purchase warrants of Shoal Point. Assuming the exercise of all of the common share purchase warrants currently held by FNW, FNW would own and control 65,000,000 Shares, which would represent approximately 15.6% of the total number of issued and outstanding Shares, based on the number of Shares outstanding as at the date of this report and the additional Shares issuable upon the exercise of such common share purchase warrants.

Foothills Capital Corp., an affiliate of FNW, has legal and beneficial ownership over 1,050,000 Tranche 2 Units. W.T. David Murray, the President and Chief Executive Officer of each of FNW and Foothills Capital Corp. also acquired 90,000 Tranche 2 Units in his personal capacity. Collectively, FNW and its affiliates and joint factors have ownership and control over 8.8% of the total number of issued and outstanding Shares as at the date of this report. Assuming the exercise of all common share purchase warrants, FNW and its affiliates would have ownership of approximately 16.1% of the total number of issued and outstanding Shares, based on the number of Shares outstanding as at the date of this report and the additional Shares issuable upon the exercise of such common share purchase warrants.

(b) the Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor:

Not applicable.

(c) the Offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:

Not applicable.

5. The name of the market in which the transaction or occurrence giving rise to the report took place:

Not applicable. The Tranche 1 Units and the Tranche 2 Units (comprised of Shares, Tranche 1 Warrants and Tranche 2 Warrants) were acquired directly from Shoal Point by way of private placement.

6. The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.

FNW paid \$0.06 per Tranche 1 Unit and \$0.06 per Tranche 2 Unit to Shoal Point for each of the units acquired in connection with the private placements (\$1,950,000 in the aggregate).

7. The purpose of the offeror and any joint actors in effecting the transaction or occurrence giving rise to the report, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:

The Tranche 1 Units and the Tranche 2 Units purchased by FNW were acquired by it for investment purposes. In addition to the securities of Shoal Point currently held by FNW, FNW may dispose of some or all of the existing (or any additional) securities of Shoal Point beneficially owned or controlled by it or may continue to hold the existing (or any additional) securities of Shoal Point beneficially owned or controlled by it, depending on market conditions and other considerations.

8. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the report, including agreements with respect to the acquisition holding, disposition or voting of any of the securities:

Foothills Capital Corp., an affiliate of FNW, entered into a Finder's Fee Agreement with Shoal Point dated January 14, 2013 (the "**Finder's Fee Agreement**"). Pursuant to the Finder's Fee Agreement, Foothills Capital Corp. introduced Shoal Point to FNW and certain other parties who agreed to acquire securities of Shoal Point by way of private placements. In consideration for these introductions, Shoal Point agreed to issue 1,050,000 Tranche 2 Units to Foothills Capital Corp. The issuance of these securities represents 3% of the gross proceeds raised from subscriptions made by FNW and certain other parties in Shoal Point.

W.T. David Murray, the President and Chief Executive Officer of FNW, also subscribed for 90,000 Tranche 2 Units on the same terms as FNW and the other subscribers to the private placement.

9. The names of any joint actors in connection with the disclosure required by this Report:

Foothills Capital Corp. and W.T. David Murray (President and Chief Executive Officer of FNW and Foothills Capital Corp.).

10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the Offeror:

FNW paid \$0.06 per Tranche 1 Unit and \$0.06 per Tranche 2 Unit to Shoal Point for each of the units acquired in connection with the private placements (\$1,950,000 in the aggregate).

11. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements in respect of the reporting issuer's securities:

Not applicable.

12. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance:

FNW relied upon Section 2.3 of National Instrument 45-106 – *Prospectus and Registration Exemptions* to acquire the Units pursuant to the Private Placement on the basis that FNW is an "accredited investor".

DATE: February 6, 2013.