

SHOAL POINT ENERGY LTD.

**MATERIAL CHANGE REPORT
FORM 51-102F3**

Item 1. Name and Address of Corporation

Shoal Point Energy Ltd.
Suite 203, 700 West Pender Street
Vancouver, British Columbia
V6C 1G8

Item 2. Date of Material Change

January 18, 2018.

Item 3. News Release

A news release was disseminated on January 18, 2018 via Newsfile.

Item 4. Summary of Material Change

Shoal Point Energy Ltd. (the “**Company**”) announced a consolidation of its common shares on the basis of one post-consolidation common share for every twenty-five pre-consolidation common shares (the “**Consolidation**”). The Company also announced that it will be offering rights to holders of common shares in Canada on the basis of one right for each pre-Consolidation common share held (the “**Rights Offering**”).

Item 5. 5.1 Full Description of Material Change

The Company announced a consolidation of its common shares on the basis of one post-consolidation common share for every twenty-five pre-consolidation common Shares. The Company received shareholder approval for the Consolidation at its Annual and Special Meeting of Shareholders which was held on June 22, 2017.

Currently there are 544,270,243 common shares issued and outstanding and after the Consolidation there will be approximately 21,770,810 common shares issued and outstanding. The Company will not be issuing fractional post-Consolidation common shares to shareholders in connection with the Consolidation. Where the Consolidation would otherwise result in a shareholder being entitled to a fractional common share, the number of post-Consolidation common shares issued to such holder of common shares shall be rounded up to the next greater whole number of common shares if the fractional entitlement is equal to or greater than 0.5 and shall be rounded down to the next lesser whole number of common shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all common shares held by a beneficial holder shall be aggregated. The Company anticipates the common shares will trade on a post-consolidated basis as soon as practicable. The new CUSIP number for the post-consolidated common shares is “82489D208”. The name of the Company will not change and the trading symbol will continue to be “SHP”.

The Company also announced that it will be offering rights to holders of common shares in Canada on the basis of one right for each pre-Consolidation common share held. Each right will entitle the holder to subscribe for one pre-Consolidation common share of the Company upon payment of the subscription price of \$0.002 per common share. Upon the Consolidation becoming effective, the terms of the rights shall be adjusted to reflect the Consolidation such that 25 rights will be exercisable for one post-Consolidation Common Share at \$0.05 per share.

The Company expects that the Consolidation will be completed before the expiry of the rights. If all of the rights issued under the rights offering are validly exercised, there would be 43,541,620 post-Consolidation Common Shares outstanding and the Rights Offering will raise gross proceeds of approximately \$1.1 million.

The common shares will commence trading on an ex-rights basis on January 25, 2018. Any holders of common shares purchased on an ex-rights basis will not be entitled to receive rights under the rights offering. As such, common shares must be purchased before the end of market trading hours on January 24, 2018 to be entitled to rights under the rights offering on the record date of January 26, 2018. The rights will expire at 4:00 p.m. (Eastern time) on March 7, 2018 (the “**Expiry Time**”), after which time unexercised rights will be void and of no value.

Shareholders who fully exercise their rights will be entitled to subscribe for additional post-Consolidation Common Shares, if available as a result of unexercised rights prior to the Expiry Time, subject to certain limitations set out in the Company’s rights offering circular. The Company expects to close the Rights Offering promptly following the Expiry Time.

Details of the Rights Offering will be set out in the rights offering notice and rights offering circular which will be available on the Company’s website and under the Company’s profile at www.sedar.com. The rights offering notice and accompanying rights certificate will be mailed to each registered eligible shareholder as at the Rights Offering Record Date. Registered shareholders who wish to exercise their rights must forward the completed rights certificate, together with the applicable funds, to the subscription agent, Computershare Investor Services Inc. (“**Computershare**”), on or before the Expiry Time. Shareholders who own their common shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary.

The Rights, and the common shares issuable upon the exercise of the Rights, will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) and may not be offered or sold in the United States or to U.S. Persons, as defined in Regulation S under the U.S. Securities Act. Accordingly, subscriptions will not be accepted from any shareholder who is a U.S. Person or resident in the United States.

Funds raised through the Rights Offering will be used for working capital and general corporate purposes.

In connection with the Rights Offering, the Company has entered into a standby purchase agreement (the “**Standby Purchase Agreement**”) with Mark Jarvis, Bill Vance, Rob Fia, Fred Hofman and Wil Matthews, (collectively, the “**Standby Purchasers**”), pursuant to which the Standby Purchasers have agreed to purchase (the “**Standby Commitment**”) the Common Shares that are not otherwise purchased by holders of the rights under the Rights Offering, subject to a maximum of \$500,000.

In consideration for providing the Standby Commitment, the Standby Purchasers will receive warrants entitling each Standby Purchaser to acquire Common Shares equal to 25% of the maximum number of post-Consolidation Common Shares that the Standby Purchaser has agreed to acquire pursuant to the Standby Purchase Agreement (the “**Warrants**”). The Warrants will be exercisable for a period of three years after the closing of the Rights Offering (the “**Closing Date**”) and will have a per share exercise price equal to the volume weighted average trading price of the Common Shares for the five trading days prior to the Closing Date.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on Section 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

The name and business number of the executive officer of the Corporation who is knowledgeable about the material change and this report is:

Mark Jarvis – Chief Executive Officer
Tel: (416) 637-2181

Item 9. Date of Report

January 26, 2018

Advisory Regarding Forward-Looking Statements

The foregoing contains forward-looking information relating to the future performance of the Company including information relating to the Consolidation, the completion of the Rights Offering, the amount of proceeds from the Rights Offering and the use of such proceeds. Forward looking information is subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in our forward looking statements. Such risks and other factors include, among others changes in world commodity markets or equity markets, the risks of the oil and gas industry, CSE approval of the Consolidation and Rights Offering and other risks and uncertainties detailed from time to time in the Company's filings with Canadian securities regulatory authorities (available at www.SEDAR.com). Forward-looking statements are made based on various assumptions and on management's beliefs, estimates and opinions on the date the statements are made. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information contained herein. The Company undertakes no obligation to update forward-looking statements if these assumptions, beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.