

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Arawak Energy Limited (the "Company")
920, 1122-4th Street S.W.
Calgary, Alberta
T2R 1M1

2. **Date of Material Change**

December 5, 2008

3. **News Release**

The news release (the "News Release") attached hereto as Schedule "A" was issued through the facilities of CNW Group on December 5, 2008.

4. **Summary of Material Change**

The material change is described in the attached News Release, which News Release is incorporated herein.

5. **Full Description of Material Change**

5.1 Full Description of Material Change

See the attached News Release, which News Release is incorporated herein.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

The following is the name and business telephone number of an officer of the Company through whom an executive officer of the Company who is knowledgeable about the material change and this report may be contacted:

Magdalena M. Bujnowski
Corporate Secretary
+44 20 7973 4285

9. **Date of Report**

December 15, 2008.



ARAWAK ENERGY LIMITED

Whiteley Chambers, Don Street, St. Helier, Jersey JE4 9WG

Schedule "A"

LSE & TSX TRADING SYMBOL: AAK

5 December 2008

FOR IMMEDIATE RELEASE

HIGH TAXES FORCE ARAWAK TO CUT PRODUCTION IN KAZAKHSTAN

Arawak Energy Limited ("Arawak" or the "Company"), an independent oil and gas exploration and production company, announces that it has temporarily curtailed oil production at its four operated fields in Kazakhstan as a result of the continuing high taxation and export duty provisions levied by the authorities in Kazakhstan and the significant drop in international and domestic oil prices.

The imposition of customs export duty ("CED") on export sales, currently equivalent to \$28.31 per barrel, combined with the recent fall in world oil prices and the collapse of the domestic market in Kazakhstan, have significantly impacted margins from Arawak's operations in the country.

Despite a court ruling in late September upholding an initial decision by the authorities to exempt the Akzhar field from CED, and a subsequent exemption from the duty in October, CED was once again demanded in November. In common with several other smaller producers whose export economics have become non-viable, Arawak had been attempting to sell its production on the local market, which has now become saturated and prices have fallen to below the cost of production.

Crude oil production at the Akzhar, Besbolek, Karataikyz and Alimbai fields, which are each 100% held and operated by Arawak, has been reduced to the minimum levels necessary to maintain the operating capability of the processing facilities. Production and exports from the Company's non-operated Saigak field, which is governed by a production sharing agreement and exempted from CED, has not been affected.

Arawak's average net production in Kazakhstan in the third quarter was 7,198 barrels of oil per day ("bopd") from a group average of 11,887 bopd. In October, the Company embarked on a five-rig development drilling campaign at Akzhar and Besbolek following regulatory approvals for the development plans for the fields. The drilling programme resulted in a rise in the Company's total net production to approximately 13,700 bopd by the middle of November. Following the temporary curtailment, the Company's total production in Kazakhstan, including Saigak, is expected to drop to below 2,000 bopd.

The Company continues to produce 4,400 bopd from its assets in Russia.

Alastair McBain, Arawak's President and Chief Executive Officer, commented: "Unfortunately the current fiscal regime coupled with significantly lower oil prices has temporarily left us with little or no return on investment on our assets in Kazakhstan. It is therefore prudent to shut in as much production as possible until either market conditions improve or there is a change in the fiscal terms. Historically, the government has recognised the value of export oil production to the domestic economy. We continue to work with the relevant authorities on the need for a fiscal regime that encourages investment in the country's oil industry."

For further information please contact:

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Oriel Securities Limited

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Notes to editors

Arawak's Common Shares are listed for trading on both the TSX and the LSE under the symbol "AAK". The Company is engaged in the exploration, development and production of oil and natural gas in Kazakhstan, Russia and Azerbaijan. In Kazakhstan, the Company holds five producing fields and two exploration blocks. The Company has a 40% participating interest in the Saigak producing block acquired in June 2008. The remaining assets are held through its 100% wholly-owned subsidiary Altius Energy Corporation ("Altius"). Altius' main producing field is Akzhar with smaller fields at Besbolek, Karataikyz and Alimbai. The two exploration blocks East Zharkamys III and Tamdykol are also situated in western Kazakhstan. Arawak's producing assets in Russia are held through ZAO PechoraNefteGas ("PNG") and LLC NK Recher-Komi ("Recher-Komi"), in which Arawak has a 50% interest with the remaining interest being held by Lundin Petroleum AB. Also in Russia, Arawak holds a 100% interest in the Kymbozhyuskaya exploration block and in the South Sothemyu appraisal block. In Azerbaijan, the Company's asset is its interest in the Exploration Development and Production Sharing Agreement ("EDPSA") for the South West Gobustan oil and gas fields. CGL, a company registered in Anguilla, British West Indies, in which the Company has a 37.17% interest, holds an 80% interest in the EDPSA with the remaining 20% held by an affiliate of SOCAR. The remaining 62.83% share in CGL is held by two affiliates of the project operator, CNPC.

This announcement includes "forward-looking statements", including statements with respect to Arawak's anticipated exploration and development activities which are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These risks and uncertainties include, but are not limited to, risks associated with the oil and gas industry (including operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international activity. Although Arawak believes that its expectations represented by these forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in the Company's securities should not place undue reliance on these forward-looking statements. For a detailed description of the risks and uncertainties facing Arawak, readers should refer to Arawak's Annual Information Form for the year ended 31 December, 2007 and dated 31 March, 2008 as filed at www.sedar.com.



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