FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Arapahoe Energy Corporation (the "Corporation")
#2703, 1100 - 8th Avenue S.W.
Calgary, Alberta T2P 3T9
(403) 920-0040

2. **Date of Material Change**

December 21, 2005 and December 22, 2005

3. **News Release**

A press release was disseminated on December 23, 2005 via CCN Matthews.

4. **Summary of Material Change**

The Corporation closed its non-brokered private placement for gross proceeds of $1,490,000.

5. **Full Description of Material Change**

The Corporation closed its non-brokered private placement for gross proceeds of $1,490,000 (the "Offering"). An aggregate of 1,986,665 common shares issued as "flow-through shares" within the meaning of the *Income Tax Act* (Canada), at a price of $0.75 per Flow-Through Share were issued.

Limited Market Dealer Inc. received a finder's fee of $22,750, payable in cash, equal to 3.50% of proceeds raised from $650,000 of the Offering and 30,333 common share purchase warrants ("Finder Warrants") equal to 3.50% of 866,665 Flow-Through Shares subscribed for in this Offering. MAK Allen & Day Capital Partners received a finder's fee of $81,550, payable in cash, equal to 3.50% of proceeds raised from $650,000 of the Offering and 7.00% of proceeds raised from $840,000 of the Offering and 108,733 Finder Warrants equal to 3.50% of 866,665 flow-through shares subscribed for in the Offering and 7.00% of 1,120,000 flow-through shares subscribed for in the Offering. Each Finder Warrant has an exercise price equal to $0.75 per Finder Warrant exercisable for a period of twelve months from the date of closing.

The securities issued are subject to a statutory restricted period of four months. The proceeds of this issuance will be used to fund the evaluation of the CBM properties regarding the Sarcee Project and to fund current exploration programs.

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

Not Applicable

7. **Omitted Information**

Not Applicable

8. **Executive Officer**

The name of the Executive Officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Jeffrey L. Standen - Chief Executive Officer & President
Telephone: (403) 920-0040 (ext. 1)

9. **Date of Report**

December 29, 2005