

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Arapahoe Energy Corporation (the “Corporation” or “Arapahoe”)

700, 602 - 12 Avenue S.W.

Calgary, Alberta T2R 1J3

2. Date of Material Change

October 19, 2007.

3. News Release

A press release was disseminated on October 19, 2007 via Marketwire.

4. Summary of Material Change

The Corporation executed a non-arm's length letter agreement with First West Petroleum Inc. of Calgary, Alberta (“**First West**”) to effect a business combination (the “**Transaction**”) whereby Arapahoe will acquire all of the outstanding common shares of First West in exchange for common shares of Arapahoe. This letter agreement supersedes the letter of intent referred to in Arapahoe's September 24, 2007 news release. The Transaction will result in First West shareholders receiving 10.415 common shares of Arapahoe for each First West common share held.

5. Full Description of Material Change

Arapahoe executed a non-arm's length letter agreement with First West to effect a business combination (the “**Transaction**”) whereby Arapahoe will acquire all of the outstanding common shares of First West in exchange for common shares of Arapahoe. This letter agreement supersedes the letter of intent referred to in Arapahoe's September 24, 2007 news release. The Transaction will result in First West shareholders receiving 10.415 common shares of Arapahoe for each First West common share held. Upon completion of the Transaction and the financings described below, former shareholders of First West are anticipated to collectively hold approximately 38.7% of the outstanding common shares of Arapahoe. The Corporation has agreed to advance \$500,000 to First West as a secured loan. This amount shall be repayable in the event the Transaction is not successfully completed.

As of October 11, 2007, there were 18,616,442 First West common shares, 1,220,000 First West Options and 2,370,884 First West warrants outstanding. Each outstanding First West warrant will be exercisable into Arapahoe securities in lieu of securities of First West on the same terms and conditions as the original warrant, option or other right after taking into consideration the above exchange ratio. Arapahoe anticipates entering into agreements with the holders of all First West options that provide for the termination immediately prior to the completion of the Transaction of their respective First West options in consideration of being issued such number of Arapahoe Shares that is equal to the “in-the-money” value of their respective First West options.

This Transaction is conditional upon the execution of a definitive agreement, completion of satisfactory due diligence, receipt of shareholder, debentureholder, court (if applicable) and regulatory approval, and receipt of third party consents and other conditions customary in a transaction of this nature. Pursuant to the letter agreement, the directors and officers of First West have agreed to support the Transaction, subject to certain conditions. It is anticipated that the completion of the Transaction will occur on or before December 15, 2007.

FINANCING

Arapahoe proposes to complete a non-brokered private placement of up to 80,000,000 common shares issued

on a flow-through basis at a price of \$0.125 per share for proceeds of up to \$10.0 million. In addition, Arapahoe anticipates that warrants to purchase common shares in the capital stock of the Corporation issued April and June 2007 will be exercised prior to completion of the Transaction for maximum proceeds of \$5.6 million. The proceeds of these financings will be used following the completion of the Transaction to develop the Corporation's Campbell and Sarcee oil and gas properties, as well as the properties currently held by First West, including tying-in certain of First West's wells, completing a 5-well drilling program on First West lands by year-end 2007, and for working capital. Finder's fees may be payable on certain portions of the proposed financing.

ABOUT FIRST WEST PETROLEUM INC.

First West Petroleum Inc. is a private Alberta corporation engaged in oil and gas exploration and production since 2004. Its principal interest is in the exploration, development and production of hydrocarbons on its properties in Alberta, over 80% of which it operates. First West's core areas of development include Auburndale, Lockwood, Knappen, Capron and Michichi, with 19 net sections of exploratory and development land. First West's oil and gas reserves have been evaluated by Chapman Petroleum Engineering Ltd. of Calgary, Alberta effective July 1, 2007. Information regarding these reserves will be disclosed in a future news release. First West's average daily production for September 2007 was 250 boe per day, of which 33% was oil and 67% was natural gas.

Its founders and principal shareholders include Sam S. Davaraj of Calgary, Alberta (17%) and Pacific Shelf Investments Ltd. (D. Barry Lee) of Vancouver, B.C. (17%). Mr. Lee also serves as a director of Arapahoe.

The following is a summary of the audited financial statements of First West for the years ending June 30, 2005 and 2006 and the unaudited management-prepared financial statements for the year ending June 30, 2007. Readers are cautioned that this financial information has been provided to Arapahoe by management of First West. There is no assurance that the unaudited financial information provided in this press release is accurate prior to the completion of an independent audit. Management of Arapahoe has not verified the accuracy of this information.

Income Statement	For the Year Ended June 30, 2007 (\$)	For the Year Ended June 30, 2006 (\$)	For the Year Ended June 30, 2005 (\$)
Revenue	1,293,699	169,175	72,175
Net loss	1,238,568	790,470	318,914
Balance Sheet	As at June 30, 2007 (\$)	As at June 30, 2006 (\$)	As at June 30, 2005 (\$)
Current Assets	619,816	474,992	166,275
Property, Plant and Equipment	7,439,336	3,164,077	1,191,686

Current Liabilities	1,358,018	2,574,534	581,580
Long-term Liabilities	2,300,000	300,000	300,000
Shareholders' Equity	3,172,472	939,294	881,086

The common shares of Arapahoe issued in exchange for the common shares of First West will be issued at the deemed price of \$0.125 per share.

BENEFITS OF THE TRANSACTION & FUTURE CORPORATE STRATEGY

Management of Arapahoe anticipates that the benefits of the Transaction will be new, aggressive development and operatorship by the First West management team of Arapahoe's existing prospects in the Campbell and Sarcee areas, which includes a potentially high impact deep Mississippian target.

In addition to exploring and developing its oil and gas assets, following the completion of the Transaction the Corporation also intends to participate in other exploration and production opportunities as it pursues a corporate strategy of seeking undervalued oil and gas opportunities that exist in the current market environment. Arapahoe anticipates that as the junior oil and gas market continues to seek new capital and joint venture partners, its new consolidation platform will offer an attractive structure for investors and E&P partners alike.

Per barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil ("6:1"). The 6:1 conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Barrels of oil per day equivalency disclosure may be misleading, particularly if used in isolation

Completion of the Transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

This report may contain forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements are not guarantees of future performance. Any forward-looking statements are made as of the date hereof and Arapahoe and First West do not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.

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:

Robert Chenery - Chief Executive Officer

Telephone: (403) 920-0040

9. **Date of Report**

October 25, 2007