

MATERIAL CHANGE REPORT

Under Section 85(1) of the *Securities Act* (British Columbia) (the "BC Act")
Under Section 118(1)(B) of the *Securities Act* (Alberta) (the "Alberta Act")
Under Section 75(2) of the *Securities Act* (Ontario) (the "Ontario Act")

Item 1. Reporting Issuer

Echo Energy Canada Inc. (the "Company")
1910-777 Bay Street
Toronto, ON M5G 2C8

Item 2. Date of Material Changes

January 19, 2009

Item 3. Press Release

A news release dated January 19, 2009 with respect to the material changes referred to in this Report was issued in Toronto, Ontario, disseminated through Canadian News Wire, and SEDAR filed with the British Columbia, Alberta and Ontario Securities Commissions. A copy of this news release is attached to this Report as Schedule "A".

Item 4. Summary of Material Changes

The Company's Credit Facility with the bank has been moved by the bank to the Restructuring Group due to concerns with the Company's reserves based on the bank's independent gas production estimate and forecast which has been under discussion since February 2008.

The Company has retained a new petroleum engineering firm to prepare an independent report.

Item 5. Full Description of Material Changes

Results of a meeting with representatives of the Company's bank held January 12, 2009 whereby the bank notified the Company its Credit Facility (total of \$5,400,000 owing) with the bank was moved by the bank to the Restructuring Group due to concerns the bank has with the Company's reserves.

The bank also advised that in February of 2008 the former CFO and President of the Company was notified the bank's Independent Production Forecast indicated significantly lower gas production estimates for the years 2005, 2006, 2007 compared to the Company's estimated reports and in fact were much closer to the actual gas production. As a result of the bank's forecast and the actual gas production, the company is now required to pay the amount owing in monthly installments of \$50,000.

The Company has retained a leading Calgary petroleum engineering firm to prepare an independent Gas Reserves and Cash Flow Evaluation Report for the year end December 31, 2008.

Item 6. Reliance on Section 85(2) of the *BC Act*, section 118(2) of the *Alberta Act* and section 785(3) of the *Ontario Act*

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Senior Officer

The following senior officer is knowledgeable about the material changes and may be contact by the Commissions at the following telephone number:
Charles Edey, President, COO and Director
Tel. 416-596-1848

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material changes referred to herein.

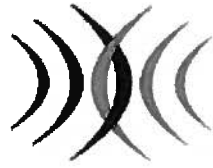
DATED at Toronto, this 21st day of January, 2009.

ECHO ENERGY CANADA INC.

Per: _____

Charles Edey
President, COO and Director

Schedule "A"



Echo Energy Canada Inc.

News Release

Echo Energy Canada Inc Provides Update and Clarifications

TORONTO, CANADA, January 19, 2009 – Echo Energy Canada Inc. (“Echo Energy”) provides the following update and clarification on certain aspects of the business and affairs of Echo Energy.

Bank Credit Facility Developments

Following a meeting on January 12, 2009 (the “January 12, 2009 Meeting”) between representatives of Echo Energy’s Canadian chartered bank, (the “Bank”) and the President and a director of Echo Energy, the Bank notified Echo Energy that it has moved the management of Echo Energy’s credit facility with the Bank to the Bank’s Financial Restructuring Group. The Bank stated that this move arose from the Bank’s continued concern over Echo Energy’s Reserves.

There is currently \$5,400,000 owing by Echo Energy to the Bank under the current demand credit facility, which amount bears interest at the Bank’s prime rate plus a maximum of 1.5% per annum.

At the January 12, 2009 Meeting, the Bank also advised that it had, on February 6, 2008, notified the former CFO and the former President of Echo Energy that the Bank had obtained an independent gas production estimate and forecast (the “Bank’s Independent Production Forecast”) for Echo Energy (the “February 2008 Notification”). The Bank noted in the February 2008 Notification that the gas production estimates for 2005, 2006, and 2007 set out in the Bank’s Independent Production Forecast, (i) were significantly lower than the gas production estimates for those years set out in Echo Energy’s gas reserves reports prepared by Echo Energy’s contracted independent Petroleum Engineering Firm (the “Prior Reserve Reports”) and (ii) were much closer to Echo Energy’s actual gas production results in those years than the production estimates for those years set out in the Prior Reserves Reports. The Bank’s February 2008 Notification also stated that, based upon the gas production estimates set out in the Bank’s Independent Production Forecast, the Bank required within 60 days of the notification a mandatory \$1.3 million prepayment of the principal balance then due (\$6.4 million) under Echo Energy’s credit facility.

The Bank’s Independent Production Forecast was not generally disclosed to Echo Energy’s Board of Directors, and was not discovered by Echo Energy’s current management until the January 12, 2009 Meeting.

In June, 2008, and following the Bank’s February 2008 Notification, Echo Energy made a \$500,000 payment to the Bank in reduction of the principal amount of the credit facility. In September, 2008, the Bank and Echo Energy entered into a new credit facility agreement which among other things converted the existing credit facility from a line of



Echo Energy Canada Inc.

credit into a demand loan facility and required monthly principal payments of \$50,000. It is now clear that these events were as a direct result of the issues raised by the Bank in the February 2008 Notification, including the significant discrepancies between the Bank's Independent Production Forecast and Echo Energy's Prior Reserves Reports.

Echo Energy's current senior management is working closely with the Bank to discover and resolve all of the Bank's outstanding issues in respect of Echo Energy's credit facility with the Bank.

Prior Reserve Reports

The Echo Energy's Prior Reserves Reports have been previously challenged by several members of Echo Energy's board of directors, namely Salvatore Fuda, Joseph Fuda and Oliver Nepomuceno. Among other things, Salvatore Fuda obtained in February, 2008, in the context of litigation with former management and directors of Echo Energy, a report from Giffin Koerth, an independent forensic engineering firm, which among other things stated that, "...there is a significant discrepancy between production rates and reported reserves as well as a significant discrepancy between projected and actual production figures", and which otherwise raised significant doubts about the Prior Reserves Reports.

Appointment of Independent Petroleum Engineers

Echo Energy has now retained a leading Calgary petroleum engineering firm and has commissioned them to independently prepare a report on Echo Energy's gas reserves and cash flow evaluation for its annual oil and gas filing (Form 51-101F1) for its year ended December 31, 2008.

Establishment of New Reserves Committee

The Board has also established a Reserves Committee comprised of two independent directors, namely Andrew Brandt and Thomas Sheppard, along with an independent advisor to, among other things, (i) oversee the preparation of Echo Energy's annual oil and gas filings for the year ended December 31, 2008. and (ii) investigate and report to the board of directors on the apparent lack of disclosure by Echo energy's then management of the February 2008 Notification, and the Bank's Independent Production Report, to all of the members of Echo Energy's board of directors, and its shareholders.

About Echo Energy

Echo Energy is a publicly traded energy company with revenue producing natural gas production operations near Port Burwell Ontario, Canada on the shores of Lake Erie.

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Echo Energy Canada Inc.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Certain statements in this press release are forward-looking statements including specifically forward-looking statements relating to management's approach to operations, estimates of future sales, production and deliveries, business plans for drilling and development, estimated amounts and timing of capital expenditures, anticipated operating costs, royalty rates, cash flows, transportation plans and capacity, anticipated access to infrastructure or other expectations, beliefs, plans, goals, objectives, assumptions and statements about future events or performance. The reader is cautioned that the assumptions used in the preparation of such information, although considered reasonable by Echo at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; fluctuations in oil and gas prices; the results of exploration and development drilling and related activities; the uncertainty of estimates and projections relating to productions, costs and expenses; uncertainties as to the availability and cost of financing; fluctuations in currency exchange rates; the imprecision in reserve estimates; risks associated with oil and gas operations, such as operational risks in exploring for, developing and producing crude oil and natural gas; risks and uncertainties involving geology of oil and gas deposits; the weather in the Company's area of operations; the ability of suppliers to meet commitments; changes in environmental and other regulations; actions by governmental authorities including changes in laws and increases in taxes; decisions or approvals of administrative tribunals; the effect of acts of, or actions against international terrorism; and other factors, many of which are beyond the control of Echo. There is no representation by Echo that the actual results achieved during the forecast period will be the same in whole or in part as those forecasts.