

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

1. Name and Address of Company:

HSE Integrated Ltd. (the "**Corporation**")
1000, 630 – 6th Avenue SW
Calgary, AB T2P 0S8

2. Date of Material Change:

December 16, 2011

3. News Release:

The Corporation issued a press release on December 19, 2011 through the facilities of Canada Newswire.

4. Summary of Material Change:

The Corporation has announced that it has entered into an asset purchase agreement (the "**Agreement**") dated December 16, 2011, with Flint Field Services Ltd. ("**Flint**") and Conex Rentals Corporation ("**Conex**") to purchase the business assets used by Flint in the conduct of Flint's safety business (the "**Transaction**").

5. Full Description of Material Change:

On December 16, 2011, the Corporation entered into the Agreement with Flint and Conex for the purchase of the business assets used by Flint in the conduct of Flint's safety business. The purchase price of \$2,200,000 (plus GST) is payable in cash upon closing of the Transaction and may be subject to adjustment based on certain criteria.

The Agreement includes a multi-year master services agreement (the "**MSA**") under which the Corporation may be called upon to provide services to Flint across North America. Under the terms of the Agreement, Flint Energy Services Ltd. ("**Flint Energy**") and certain of its affiliates agree that they will not provide stand-alone, onsite health and safety services to third parties; however, Flint Energy and its affiliates retain the right to provide safety services in connection with projects in which they provide their other services to their customers and clients.

Closing of the Transaction is expected to occur on January 31, 2012, or such earlier or later date as the parties to the Agreement may agree in writing.

Closing of the Transaction, including the execution of the MSA and a limited non-competition agreement are subject to a number of conditions, including the completion of satisfactory due diligence and entering into definitive agreements.

The Corporation will finance the Transaction with bank debt.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

N/A

7. Omitted Information:

No information has been omitted.

8. Executive Officer:

Tom Hickey, President & CEO of the Corporation, may be reached at (403) 266-1833.

9. Date of Report:

December 21, 2011