

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

1. **Name and Address of Company**

Ranger Energy Ltd. (“**Ranger**” or the “**Corporation**”)  
Suite 650, 816 - 7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 1A1

2. **Date of Material Change**

July 5, 2011.

3. **News Release**

A press release was disseminated on July 18, 2011 via Marketwire.

4. **Summary of Material Change**

Ranger entered into a letter of intent dated July 5, 2011 (the “**Letter of Intent**”) with North Sea Energy Inc. (“**NSE**”) under which Ranger will combine with NSE (the “**Transaction**”) through the issuance of common shares of Ranger (“**Ranger Shares**”) in exchange for all the issued and outstanding shares of NSE.

5.1 **Full Description of Material Change**

Ranger entered into the Letter of Intent with NSE under which Ranger will combine with NSE through the issuance of Ranger Shares in exchange for all the issued and outstanding shares of NSE.

NSE, along with its wholly owned UK subsidiaries, Echo Exploration Limited, North Sea Energy (UK) Limited and North Sea Energy UK (No 2) Limited, is an independent oil and gas company formed in February 2007 with a strategy of building a portfolio of exploration, appraisal and producing assets in the UK North Sea. Currently, NSE is producing light oil from the Jacky field, located in the Inner Moray Firth off the Scottish coast. NSE is evaluating the development of its Polly field located 2.5 km SE of the Beatrice field and is actively investigating other exploration and appraisal targets in the UK North Sea.

The Transaction, when completed, is intended to be a reverse take-over for the purposes of the requirements of the TSX Venture Exchange (the “**TSX-V**”) and to enable the Corporation to qualify as a Tier 1 Oil & Gas Issuer on the TSX-V. None of the insiders of Ranger or their associates and affiliates has any interest in the business of NSE or is otherwise an insider of, or has any relationship with, NSE or its direct or indirect shareholders, and the Transaction is not a “Non Arm’s Length Transaction” as defined under TSX-V policies.

The Ranger Shares to be issued to the shareholders of NSE in the Transaction will be issued pursuant to exemptions from the prospectus requirements of applicable securities legislation, may be subject to resale restrictions as required under the applicable securities legislation and certain shares may be subject to escrow conditions as required by the TSX-V.

The parties have agreed to use their best efforts to complete the Transaction by the earliest possible date. Further information regarding the Transaction will be disseminated in a

subsequent news release as soon as further details are available regarding the definitive terms of the business combination.

### **About North Sea Energy Inc.**

North Sea Energy Inc. was incorporated on February 13, 2007 under the Ontario Business Corporations Act. NSE's registered and head office is located at 36 Toronto Street, Suite 1170, Toronto, Ontario M5C 2C5. The internet address of NSE is [www.northseaenergy.ca](http://www.northseaenergy.ca).

NSE is engaged through its wholly-owned subsidiaries, North Sea Energy (UK) Limited ("**NSE UK**"), North Sea Energy (UK No2) Limited ("**NSE UK No2**") and Echo Exploration Limited ("**Echo**") in the exploration and development of oil and gas properties in the United Kingdom's Continental Shelf ("**UKCS**"). Production, exploration and development activities are focused within the Inner and Outer Moray Firth and the central North Sea of the UKCS. NSE aims to increase oil production from the further exploration and development of its existing license blocks in the North Sea.

NSE acquired Echo, which participated in the United Kingdom's 26th Seaward Licensing Round, administered by the UK Department of Energy and Climate Change (the "**DECC**") and was subsequently awarded three Promote Licenses P.1866 (the "**13/28b License**"), P.1876 (the "**22/5c License**") and P.1870 (the "**15/21d License**"). Sproule International Limited has been retained by NSE to complete a resource evaluation on all acquired blocks. It is expected that this report will be completed in the near future and the information from that report will be disseminated at that time.

To date, NSE UK has acquired: (i) a 10% working interest in block 12/21c (the "**Jacky Production**"); (ii) a 20% working interest in block 12/26c (the "**Polly Development**"); and (iii) a 13.3% working interest in block 11/29 (the "**Manuel-Terry Prospect**"); all of which are governed under United Kingdom Seaward Production License P.1392. Also with its acquisition of Echo on March 30, 2011, NSE now has a 50% working interest in UK Blocks 13/28b ("**Bobcat Prospect**"), Block 22/5c ("**Bass Prospect**") and Block 15/21d ("**Bluebird and Blackbird Prospects**") situated in the UKCS. Two further licenses are expected to be awarded in the second half of 2011, subject to DECC approval. On one license NSE UK No2 is expected to hold a 20% working interest and on the other license Echo is expected to hold a 50% working interest. A firm budget will not be established for either of the prospects until awarded.

NSE's resource information is summarized in the tables below and is taken from an evaluation dated effective December 31, 2010, prepared by Sproule Associates Limited (the "**Sproule Report**"). The Sproule Report includes the Jacky Production reserves only. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. The Sproule Report has been prepared using assumptions and methodology guidelines outlined in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**") and in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"). The future net revenue values disclosed below do not represent fair market value.

### Oil Reserves and Future Net Revenues Based on Forecast Prices and Costs as at December 31, 2010 <sup>(4)</sup>

	Remaining Reserves (Mbbbls*)		Estimated Net Present Values Before Income Taxes (US\$million)				Estimated Net Present Values After Income Taxes (US\$million)			
			Discounted at				Discounted at			
	Gross	Net	0%	5%	10%	15%	0%	5%	10%	15%
<b>Light/Medium Oil</b>										
Proved	205	205	5,469	5,365	5,244	5,113	5,469	5,365	5,244	5,113
Developed/Undeveloped Producing <sup>(1)</sup>										
<b>Total Probable <sup>(2)</sup></b>	53	53	909	913	889	853	909	913	889	853
<b>Total Proved plus Probable</b>	258	258	6,379	6,278	6,133	5,966	6,379	6,278	6,133	5,966
<b>Total Possible <sup>(3)</sup></b>	91	91	4,503	4,156	3,851	3,585	4,503	4,156	3,851	3,585
<b>Total Proved plus Probable plus Possible</b>	348	348	10,882	10,434	9,984	9,551	10,882	10,434	9,984	9,551

\*Mbbbls = thousands of barrels

**Notes:**

<sup>(1)</sup> Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

<sup>(2)</sup> Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

<sup>(3)</sup> Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

<sup>(4)</sup> The forecast prices and costs assumptions assume the continuance of current laws and regulations and increases in terminal selling prices, and take into account inflation with respect to future operating and capital costs. In the Sproule Report, operating costs are assumed to escalate at 2.0 per cent per annum. Crude oil prices as forecast by Sproule effective December 31, 2010, are as follows:

Year	WTI Cushing <sup>(a)</sup> Oklahoma (\$US/bbl*)	UK Brent <sup>(b)</sup> (\$US/bbl*)	IPE Britain NBP <sup>(c)</sup> (\$US/MMBTU)	Exchange Rate (\$US/£UK)	Inflation Rate (%/Yr)
<b>Historical</b>					
2004	41.42	38.30	2.57	1.83	1.4
2005	56.46	54.45	6.67	1.82	1.3
2006	66.09	65.15	9.12	1.84	1.5
2007	72.27	72.57	5.87	2.00	2.0
2008	99.59	97.06	11.37	1.85	1.0
2009	61.63	61.52	5.38	1.57	2.0
2010	79.43	79.48	3.89	1.55	1.0
<b>Forecast</b>					
2011	88.40	87.15	5.54	1.66	1.5
2012	89.14	87.87	5.84	1.66	1.5
2013	88.77	87.48	6.01	1.66	1.5
2014	88.88	87.58	5.16	1.66	1.5
2015	90.22	88.89	5.24	1.66	1.5

Escalation rate of 1.5% thereafter

\*bbl = barrels

**Notes:**

<sup>(a)</sup> 40 Degrees API, 0.4 per cent sulphur.

<sup>(b)</sup> 38 Degrees API, 1.0 per cent sulphur.

<sup>(c)</sup> International Petroleum Exchange British National Balancing Point.

**Total Future Net Revenue (Undiscounted)  
as of December 31, 2010  
Forecast Prices and Costs**

Reserves Category	Revenue (M\$)	Royalties (M\$)	Operating Costs (M\$)	Development Costs (M\$)	Well Abandonment / Other Costs (M\$)	Future Net Revenue Before Income Taxes (M\$)	Income Taxes (M\$)	Future Net Revenue After Income Taxes (M\$)
Proved	17,909	0	7,448	3,932	1,060	5,469	0	5,469
Proved + Probable	22,531	0	11,128	3,932	1,092	6,379	0	6,379
Proved + Probable + Possible	30,547	0	14,624	3,932	1,108	10,882	0	10,882

M\$ = thousand dollars

**Summary of Net Present Values of Future Net Revenue  
as of December 31, 2010  
Forecast Prices and Costs**

Reserves Category	Before Income Taxes Discounted at (%/Year)					Future Net Val. 10%/yr (\$/BOE)
	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)	
Proved Developed Producing	4,837	4,838	4,822	4,795	4,761	39.21
Proved Developed Non-Producing	0	0	0	0	0	0
Proved Undeveloped	632	527	422	318	218	5.14
<b>Total Proved</b>	<b>5,469</b>	<b>5,365</b>	<b>5,244</b>	<b>5,113</b>	<b>4,979</b>	<b>25.58</b>
Probable	909	913	889	853	810	16.94
<b>Total Proved + Probable</b>	<b>6,379</b>	<b>6,278</b>	<b>6,133</b>	<b>5,966</b>	<b>5,789</b>	<b>23.82</b>
Possible	4,503	4,156	3,851	3,585	3,354	42.39
<b>Total Proved + Probable + Possible</b>	<b>10,882</b>	<b>10,434</b>	<b>9,984</b>	<b>9,551</b>	<b>9,143</b>	<b>26.66</b>

M\$ = thousand dollars      BOE = barrels of oil equivalent

**Development Activities:**

***Polly Development***

In February 2008, NSE UK participated in the drilling of the 12/26c-5 well which penetrated the Beatrice A sands and proved moveable oil in place (sample recovered to surface). Due to environmental considerations, the well was not tested but remains suspended for possible use in a Polly Development Field. The oil is of Beatrice type (sweet, waxy 38° API) and is contained in the Beatrice reservoir sand equivalents in the Polly Development.

NSE and its joint venture partners are currently evaluating a development plan to put Polly on production in 2012. The Polly development plan is to drill a directional well updip from the Polly discovery, possibly from the Beatrice Bravo platform which lies 2.5 kilometres to the south of the Beatrice field. The Beatrice Bravo production platform was originally

scheduled to be decommissioned in 1996; however, with the reconnection to the Beatrice field through the t-junction of the Jacky transportation pipeline, it was brought back into production in 2009.

The estimated development capital net to NSE for the first phase of development expenditures for Polly is approximately \$10 million. NSE intends to update its current resource report compliant with assumptions and methodology guidance outlined in the COGE Handbook and in accordance with NI 51-101 on the Polly Development.

#### **Exploration Activities:**

NSE has budgeted an amount of \$500,000 for the remainder of 2011 to evaluate and further advance its exploration prospects towards drill ready targets.

#### ***Bluebird and Blackbird Prospects (Block 15/21d)***

The Bluebird Prospect is an oil exploration prospect in the central Moray Firth Basin located between two producing fields. The prospect was originally tested by the 15/21b-50 well which encountered a net 87 feet of oil pay at a maximum rate of 5700 bopd of 28° oil. A review of the drill stem test data is required, followed by reprocessing of an existing 3-D survey.

The Blackbird Prospect is a terrace lead in the southern part of the block which will be worked up after the Bluebird Prospect.

#### ***Bobcat Prospect (Block 13/28b)***

The Bobcat Prospect is an oil exploration prospect in the Inner Moray Firth that was originally tested by the 13/28b-8 well that encountered oil shows. To prove the extent and thickness of the Punt sandstone formation to the west, further geophysical studies are required prior to selection of a drill target.

#### ***Bass Prospect (Block 22/5c)***

The Bass Prospect is a gas condensate exploration prospect in the Central North Sea located between two existing fields which are currently in production. A prominent gas cloud can be seen on seismic immediately updip of the prospect. Geologic and geophysical investigation of the sand distribution is required prior to making a drilling commitment.

#### ***Manuel-Terry Prospect (Block 11/29)***

The Manuel-Terry Prospect is located in the Inner Moray Firth. After drilling an uncommercial well in 2008, the joint venture is now in the process of recalibrating the existing 2-D seismic data set to the new well data and to further evaluate the geology and geophysical information to identify a new prospective lead. It will then be decided if a new seismic survey, possibly 3-D, should be recorded/purchased. Future exploration activities also include the drilling of another well at the Terry lead.

#### **Financial Position**

As at March 31, 2011, NSE had a cash balance of \$7,981,639, total assets of \$27,090,554 and total liabilities of \$7,301,429 (of which \$3,165,157 were current liabilities).

Based on consolidated financial statements prepared by management for the quarter ended March 31, 2011, NSE had oil revenue of \$2,233,222 and operating expenses of \$1,295,855, and a net income for the quarter ended March 31, 2011 of \$60,712.

As at December 31, 2010, NSE had a working capital surplus of \$6,231,925, total assets of \$28,493,525 and total liabilities of \$8,600,629 (of which \$3,942,466 were current liabilities). Based on audited consolidated financial statements for the year ended December 31, 2010, NSE had oil revenue of \$21,885,326 and operating expenses of \$6,305,390, and a net income of \$2,952,323.

NSE currently has 36,418,333 common shares outstanding. The following persons/corporations own, directly or indirectly, more than 10% of the common shares of NSE:

- The Magma Fund owns directly 32.95% of the common shares on a non-diluted basis and 28.09% on a diluted basis. The Magma Fund is controlled by Hubert-Lance Huet.
- Craig Anderson owns directly and indirectly 8.24% on a non-diluted basis, and 11.71% of the common shares on a diluted basis.

As at June 30, 2011, NSE has outstanding 6,300,000 stock options.

### **Transaction Terms**

The purchase price for common shares of NSE will be satisfied by the issuance of approximately 546,306,757 Ranger Shares. In addition, outstanding share purchase warrants and stock options of NSE will be exchanged or converted into an equivalent number of Ranger share purchase warrants and stock options using the same exchange ratio applied for number of securities and price. Ranger currently has outstanding 39,011,810 Ranger Shares, 6,250,000 share purchase warrants and 2,018,330 stock options.

With the issuance of shares pursuant to the agreement with NSE, there will be 585,318,567 Ranger Shares outstanding.

In connection with the Transaction, after the acquisition, all outstanding Ranger Shares, warrants and options will be consolidated (the “**Consolidation**”) on the basis of one post-Consolidation Ranger Share for every 10 pre-Consolidation Ranger Shares. Based on the foregoing, upon completion of the Transaction and the Consolidation, the Corporation is expected to have a total of 58,531,857 common shares issued and outstanding, 625,000 common shares reserved for issuance pursuant to the exercise of share purchase warrants and 9,651,833 common shares reserved for issuance pursuant to the exercise of stock options. Of the issued shares, 93.13% are expected to be held by existing NSE shareholders and 6.87% are expected to be held by existing Ranger shareholders on a fully-diluted basis.

Those shares of the Corporation to be issued to NSE shareholders who become principals of the Corporation are expected to be subject to TSX-V escrow requirements.

As at March 31, 2011, Ranger had approximately \$952,650 of cash balance and NSE had approximately \$7,981,639 of cash balance. Upon completion of the Transaction the working capital of the Corporation is expected to be used for seismic, drilling, geological and

geophysical works and production sharing contract costs.

### **Sponsorship**

Sponsorship of the Transaction is required by the TSX-V unless exempt in accordance with TSX-V policies. The Corporation is currently reviewing the requirements for sponsorship and expects that it will apply for an exemption from such requirements. There is no assurance that Ranger will ultimately obtain an exemption from sponsorship.

### **Board of Directors and Executive Officers on Completion of the Transaction**

Subject to any necessary shareholder and regulatory approvals, the board of directors and officers of the Corporation, upon the completion of the Transaction, will be as follows:

J. Craig Anderson, President, Chief Executive Officer and Director

Hubert-Lance Huet, Chairman of the Board and Director

William Powers, Chief Operating Officer and Director

C. Brent Austin, Chief Technical Officer and Director

Ian D. Lambert, Secretary and Director

David M. Antony, Director

Ian Lisseter, Chief Exploration Officer

Petya Popova, Chief Financial Officer

### **Summary Biographies of the Board of Directors and Executive Officers**

The background of each of the aforementioned persons is as follows:

#### ***J. Craig Anderson, BSc. CFA - President, Chief Executive Officer and Director***

Mr. Anderson, as President and Chief Executive Officer, has managed NSE since founding it in February 2007. He has over 18 years of experience in financial services with extensive experience financing junior natural resource companies. He carries several financial designations including the Chartered Financial Analyst as well as the Canadian Investment Manager. He is also a member of the Institute of Directors in London, England, is a Fellow of the Canadian Securities Institute and was recently elected to the board of the Canadian Red Cross, Toronto Region. In February 2009, he joined the board of directors of Trade Winds Ventures, a gold exploration company listed as part of the 2011 TSX Venture 50.

#### ***Hubert-Lance Huet - Chairman of the Board***

Mr. Huet is the founder and Chief Executive Officer of HFinance and H Capital Group, a Geneva-based fund group that specializes in alternative asset management. Mr. Huet completed his undergraduate studies at the University of Oxford prior to obtaining an MBA at Insead in 1989. He worked as a financial consultant at Bain & Co and a portfolio manager at ING and prior to founding H Capital Group, as Chief Investment Officer of Huet et Cie.

He is a member of the Geneva Petroleum Club and a director of Arctic Oil and Manych Oil as well as chairman of Asian Property Investments and Destination Properties.

***William Powers, BSc, CD - Chief Operating Officer and Director***

Mr. Powers, a geophysicist by training, has been active in both international and domestic oil and gas upstream operations for over 40 years; initially as a Geophysicist with Shell Canada and Sarawak Shell. Subsequently, as a consultant, he supplied technical, operational and financial project management for offshore programs to Chevron, Amoco, ExxonMobil, BHPBilliton, PetroCanada, Sherritt International, and EnCana. Mr. Powers has held senior management positions with Geosignal Exploration in Calgary and Enertec Geophysical, where he established the Houston office and conducted a large 3-D, 3000 channel transition zone acquisition program for Conoco. Additionally, he has participated on teams that have drilled and evaluated wells located offshore Venezuela, in the South China Sea, offshore Gabon, in the Gulf of Suez, the Gulf of Mexico and offshore Eastern Canada.

***C. Brent Austin, BSc, P.Eng - Chief Technical Officer and Director***

Mr. Austin, a petrophysical engineer by training, has been active in the domestic and international oil and gas industry for over 42 years. As a petrophysical engineer with Shell Canada initially, and later as a consultant with Intercomp on the reservoir evaluation and simulation of most of the major oilfields in the Middle East including Ghawar, Kirkuk and Dahra Hofra. In the late 1990's as GM International E&P for PanCanadian Petroleum Brent led the teams that secured PCP's first operated concessions in Venezuela and offshore Brazil and drilled the company's first wells, as an operator, in the Dutch sector of the North Sea and off the Northwest Shelf of Australia. In 2000-2001, his UK team discovered the billion barrel Buzzard Field in addition to securing a very favorable acquisition of a large interest in the Scott-Telford production complex. Mr. Austin also acts as the Chairman of NSE's Technical Oversight Committee.

***Ian D. Lambert, B.Comm - Secretary and Director***

Mr. Lambert has over thirty years of experience in the management and financing of public companies. Having previously spent five years at Mobil Oil in Calgary, Alberta, his current positions include President and Director of Trade Winds Ventures Inc. a gold exploration company listed for the last 21 years and is currently part of the 2011 TSX Venture 50. He is also a Director of Sunorca Development Corp. (energy, oil & gas projects). Prior to this period, Mr. Lambert spent several years with Cominco LTD., Macmillan Bloedel Ltd. and the consulting arm of Deloitte Touche.

***David M. Antony, CA - Director***

Mr. Antony is a Chartered Accountant and is currently the Chief Executive Officer of Ranger. Mr. Antony has over 15 years experience in assisting companies in structuring transactions, accessing capital, and corporate governance. In the last five years, Mr. Antony has been Chief Executive Officer of Southern Pacific Resource Corp. where he continues as Chairman of the board of that company. He is currently also a director of Ranger, Blackhawk Resource Corp. and Paramax Resources Ltd., all publicly traded junior resource companies.

***Ian Lisseter, MSc - Chief Exploration Officer***

Mr. Lisseter, a senior petroleum geologist, has been active in the international and domestic oil and gas industry for over 38 years. With extensive experience in E&P opportunity evaluations, as the Senior Geological Advisor for Challenger Minerals North Sea since 2005, Mr. Lisseter reviewed 60 to 80 opportunities annually resulting in approximately ten farm-in offers and an average of five completed deals. Mr. Lisseter spent 20 years at Conoco UK Ltd. from 1979 to 1999 as Geological Advisor and Exploration Team Leader. Along with his prospect evaluation and generation acumen, Ian brings UKCS Exploration Operational experience to NSE through his time working as a senior geologist with ADTI/Transocean, the world's largest offshore drilling contractor. He is also president and a director of Echo Exploration Limited.

***Petya Popova, BAS, CA - Chief Financial Officer***

Ms. Popova, a Chartered Accountant, has over five years experience working as a Senior Accountant at Vincent Zaffino Chartered Accountants on both domestic and international files. Ms. Popova has been with NSE since August 2010, joining the company as Financial Controller and assuming the CFO role in May 2011. She is a member of the Canadian Institute of Chartered Accountants and Institute of Chartered Accountants of Ontario.

**Conditions to the Completion of the Transaction**

The obligations of Ranger and NSE to consummate the Transaction are subject to, among other things: (i) the receipt of all necessary regulatory including TSX-V approvals; (ii) the receipt of all necessary shareholder and board of director approvals; (iii) the confirmation of the representations and warranties of each party; (iv) the absence of any material adverse effect on the financial and operational condition or the assets of each of the parties; (v) the delivery of standard completion documentation; and (vi) other conditions which are by precedent customary for a transaction such as the Transaction. The conditions listed above are for the benefit of, and maybe waived by, Ranger and NSE as they relate to the obligations of the other party to perform or obtain the same.

In connection with the transaction, Ranger will pay an arms-length finder's fee of \$150,000. The finder's fee is payable upon the closing of the Transaction. The finder's fee is subject to TSX-V acceptance.

**Resumption of Trading**

It is anticipated that trading of the Ranger Shares will remain halted pending satisfaction of all applicable requirements of the TSX-V.

All information provided in this report related to NSE has been provided by management of NSE and has not been independently verified by management of Ranger.

**5.2 Disclosure for Restructuring Transactions**

Not applicable

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

Not Applicable

7. **Omitted Information**

Not Applicable

8. **Executive Officer**

The name and business number of the executive officer of Ranger who is knowledgeable about the material change and this report is:

Dave Antony, Chief Executive Officer  
(403) 234-9588  
[dantony@ranger.ca](mailto:dantony@ranger.ca)

9. **Date of Report**

July 19, 2011

**Cautionary Statements**

*Investors are cautioned that, except as disclosed in the Management Information Circular to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Ranger should be considered highly speculative.*

*Trading of the Ranger Shares will remain halted pending receipt and review by the TSX-V of acceptable documentation regarding the combined entity following completion of the Transaction. The proposed Transaction has not been approved by the TSX-V and remains subject to TSX-V approval.*

*Completion of the Transaction is subject to a number of conditions, including but not limited to, TSX-V acceptance. The Transaction cannot close until the required approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all.*

*Except for statements of historical fact, this material change report contains certain “forward-looking information” within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. In particular, forward-looking information in this material change includes, but is not limited to, statements with respect to timing and completion of the due diligence relating to the Transaction, the entering into of the transaction documents and the satisfaction of the conditions precedent to the Transaction (including receipt of TSX-V approval), oil reserves and future revenues. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.*

*Forward-looking information is 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 anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada, the United States, UK and globally; industry conditions, including fluctuations in the prices of oil and natural gas; governmental regulation of the oil and gas industry, including environmental regulation; unanticipated operating events or performance which can reduce production or cause production to be shut in or delayed; failure to obtain industry partner and other third party consents and approvals, if and when required; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for oil and natural gas; liabilities*

*inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands, skilled personnel and supplies; incorrect assessments of the value of acquisitions; geological, technical, drilling, processing and transportation problems; changes in tax laws and incentive programs relating to the oil and gas industry; failure to realize the anticipated benefits of acquisitions and dispositions; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.*

*The forward-looking information contained in this material change report is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.*

*Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (mcf) of natural gas to one barrel (bbl) of oil is based on an energy conversion method primarily applicable at the burner tip and is not intended to represent a value equivalency at the wellhead. All boe conversions in this material change report are derived by converting natural gas to oil in the ratio of six thousand cubic feet of natural gas to one barrel of oil. Certain financial amounts are presented on a per boe basis, such measurements may not be consistent with those used by other companies.*

*The TSX Venture Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this material change report.*