FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company**

   FairWest Energy Corporation
   #800, 407 – 2 Street SW
   Calgary, AB T2P 2Y3

2. **Date of Material Change**

   July 31, 2008

3. **News Release**

   A news release was issued by FairWest Energy Corporation on August 8, 2008 and disseminated through the facilities of Marketwire. A copy of such news release is attached to this Material Change Report as Schedule "A".

4. **Summary of Material Change**

   FairWest has entered into a new revolving operating demand loan with the National Bank of Canada ("NBC") which has increased its bank line from $4,200,000 to a maximum amount of $12,500,000 ("Credit Facility"). A total of $10,000,000 of the credit facility is available immediately and will be used to pay trade payables and finance exploitation activities. The balance of $2,500,000 will be available on August 19, 2008 when FairWest pays out the secured lender of its 100% subsidiary Strike Petroleum Ltd. The Credit Facility has an interest rate of NBC's prime lending rate plus 1.25% and is non-reducing. The provision of these Credit Facilities will result in FairWest meeting its working capital ratio of not less than 1.0 as required by NBC.

5. **Full Description of Material Change**

   The material change is described in FairWest's press release dated August 8, 2008 attached hereto as Schedule "A" which news release is incorporated herein.

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

   Not applicable

7. **Omitted Information**

   None.

8. **Executive Officer**

   Marion Mackie
   Chief Financial Officer
   (403) 264-4949

9. **Date of Report**

   August 8, 2008

Schedule “A”

NEWS RELEASE

FAIRWEST ENERGY CORPORATION ANNOUNCES PROGRESS ON DEBT REDUCTION, CREDIT FACILITIES, EQUITY FINANCING AND ASSET SALES

August 8, 2008

FairWest Energy Corporation (“FairWest”) is pleased to report the progress made to reduce debt to 1.5 times forecasted 2008 cash flow from operations and to inject liquidity into the company. FairWest estimates that its 2008 cash flow from operations will be $8.0 million and its net debt by September 30, 2008 will be approximately $12 million.

FairWest has entered into a new revolving operating demand loan with the National Bank of Canada (“NBC”) which has increased its bank line from $4,200,000 to a maximum amount of $12,500,000 (“Credit Facility”). A total of $10,000,000 of the credit facility is available immediately and will be used to pay trade payables and finance exploitation activities. The balance of $2,500,000 will be available on August 19, 2008 when FairWest pays out the secured lender of its 100% subsidiary Strike Petroleum Ltd. (“Strike”). The Credit Facility has an interest rate of NBC’s prime lending rate plus 1.25% and is non-reducing. The provision of these Credit Facilities will result in FairWest meeting its working capital ratio of not less than 1.0 as required by NBC.

FairWest has entered into a binding agreement (“Settlement Agreement”) with Strike’s secured lender. Under the terms of the Settlement Agreement, FairWest will acquire Strike’s secured indebtedness from the lender for cash, 5,000,000 FairWest Units (the “Units”), and other consideration. Each Unit includes one FairWest common share at $0.15 and 1 warrant to purchase one common share at $0.20 for a 24 month period following closing. FairWest has received regulatory approval to issue the Units and has sufficient capital available to close the Settlement Agreement on August 19, 2008. At closing FairWest will own Strike’s secured debt and be the majority unsecured debt holder of Strike. The Strike Settlement will also result in reduced interest expenses to FairWest during the last half of fiscal 2008.

FairWest has received regulatory approval to issue up to 10,000,000 flow through shares for proceeds of $2,000,000. The proceeds from this offering will be expended on FairWest’s proposed 2008 and 2009 exploration activities.

In June 2008 FairWest sold $1,500,000 of non producing assets and is currently marketing a further $2,500,000 of non producing asset sales. All of these assets are located in FairWest’s Provost, Alberta core area.

FairWest (TSX: FEC) is a Calgary, Alberta based junior oil and gas company engaged in the acquisition, exploration, development and production of crude oil and natural gas in the provinces of Alberta and Saskatchewan.

Statements in this release which describe FairWest’s intentions, expectations or predictions, or which relate to matters that are not historical facts are forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of FairWest to be materially different from any future results, performances or achievements expressed in or implied by such forward-looking statements. FairWest may update or revise any forward-looking statements, whether as a result of new information, future events or changing market and business conditions.