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

December 29, 2008

3. News Release

A news release was issued by FairWest Energy Corporation on December 30, 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 Energy Corporation announced the acquisition of ExploreCo Energy Inc. ("ExploreCo") by way of an exempt take over bid (the "Take Over Bid"). ExploreCo is a private related party oil and gas company. Over 99% (2,605,000 ExploreCo shares) of the issued and outstanding shares of ExploreCo were tendered by ExploreCo shareholders to the Take Over Bid. The Take-Over Bid closed on December 29, 2008 for an aggregate acquisition cost of $2.1 million resulting in the issuance of 211,259 *7% Cumulative Convertible Redeemable Retractable Preferred Shares, Series 1* ("Series 1 Preferred Share") in exchange for the tendered ExploreCo shares at a price of $10.00 per Series 1 Preferred Share. Holders of Series 1 Preferred Shares will receive a cumulative dividend of 7% per annum payable quarterly on March 31, June 30, September 30 and December 31 of each year commencing on March 31, 2009.

Each Series 1 Preferred Share is convertible into 33.33 FairWest common shares ("Conversion Basis") at any time from the date of issuance and such conversion would result in the issuance of up to 7,041,296 FairWest common shares. Each Series 1 Preferred Share is redeemable at any time on and after December 15, 2010 at the option of FairWest at a price equal to $10.00 per Series 1 Preferred Share with accrued and unpaid cumulative dividends thereon and retractable at any time on and after June 15, 2011 at the option of the holder of Series 1 Preferred Share at a price of at a price equal to $10.00 per Series 1 Preferred Share with accrued and unpaid cumulative dividends thereon. If at any time FairWest common shares trade at or above $0.30 per share for a consecutive period of 10 trading days, FairWest may, at its option, convert all of the outstanding Series 1 Preferred Shares into FairWest common shares on the Conversion Basis.

5. Full Description of Material Change

The material change is described in FairWest's press release 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

December 30, 2008

Schedule "A"

NEWS RELEASE

FAIRWEST ENERGY CORPORATION ANNOUNCES ACQUISITION OF EXPLORECO ENERGY INC.

December 30, 2008

FairWest Energy Corporation ("FairWest") is pleased to announce the acquisition of ExploreCo Energy Inc. ("ExploreCo") by way of an exempt take over bid (the "Take Over Bid"). ExploreCo is a private related party oil and gas company. Over 99% (2,605,000 ExploreCo shares) of the issued and outstanding shares of ExploreCo were tendered by ExploreCo shareholders to the Take Over Bid. The Take-Over Bid closed on December 29, 2008 for an aggregate acquisition cost of $2.1 million resulting in the issuance of 211,259 *7% Cumulative Convertible Redeemable Retractable Preferred Shares, Series 1* ("Series 1 Preferred Share") in exchange for the tendered ExploreCo shares at a price of $10.00 per Series 1 Preferred Share. Holders of Series 1 Preferred Shares will receive a cumulative dividend of 7% per annum payable quarterly on March 31, June 30, September 30 and December 31 of each year commencing on March 31, 2009.

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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.

For further information, contact FairWest Energy Corporation:
James G. Gettis, President and Chief Executive Officer or Marion D. Mackie, Chief Financial Officer
Telephone: (403) 264-4949, Facsimile: (403) 269-1761