

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

May 27, 2009

3. News Release

A news release was issued by FairWest Energy Corporation on June 4, 2009 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

At March 31, 2009 FairWest Energy Corporation (the “Company”) did not meet its working capital ratio covenant with the National Bank of Canada (the “Lender”). In order to rectify the default and provide additional capital, the Company and the Lender on May 27, 2009 entered into a Forbearance Agreement (the “Agreement”) which will result in a \$5.3 million reduction to the \$12.2 million revolving line of credit (“Credit Facility A”) with the Lender and a \$7.18 million reduction in the amount due to the Company’s unsecured creditors. Funding for the Company’s debt reduction plan (the “Plan”) will come from asset sales, sales of equity and the monetization of an existing natural gas forward sales contract (the “Natural Gas Hedge”). The Lender has agreed to allow the Company until June 30, 2009 to implement its Plan which is expected to eliminate all loan defaults and to partially repay Credit Facility A. Upon completion of the Plan, the Company shall pay the Lender a Forbearance Fee of \$190,000. The Lender has retained Ernst & Young Inc. to monitor the Company’s business operations and financial position and the implementation of the Plan.

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 D. Mackie
Chief Financial Officer
(403) 264-4949

9. Date of Report

June 4, 2009

Schedule “A”

NEWS RELEASE

June 4, 2009

TSX: FEC

FAIRWEST RECAPITALIZATION PLAN AND PRODUCTION FORECAST

At March 31, 2009 FairWest Energy Corporation (the “Company”) did not meet its working capital ratio covenant with the National Bank of Canada (the “Lender”). In order to rectify the default and provide additional capital, the Company and the Lender on May 27, 2009 entered into a Forbearance Agreement (the “Agreement”) which will result in a \$5.3 million reduction to the \$12.2 million revolving line of credit (“Credit Facility A”) with the Lender and a \$7.18 million reduction in the amount due to the Company’s unsecured creditors. Funding for the Company’s debt reduction plan (the “Plan”) will come from asset sales, sales of equity and the monetization of an existing natural gas forward sales contract (the “Natural Gas Hedge”). The Lender has agreed to allow the Company until June 30, 2009 to implement its Plan which is expected to eliminate all loan defaults and to partially repay Credit Facility A. Upon completion of the Plan, the Company shall pay the Lender a Forbearance Fee of \$190,000. The Lender has retained Ernst & Young Inc. to monitor the Company’s business operations and financial position and the implementation of the Plan.

After the Plan is completed the Company’s oil and gas production will be approximately 700 barrels of oil equivalent per day (“boepd”). The Company has identified incremental production volumes of 380 boepd in existing Company operated wells that can be brought on stream for an estimated net capital cost of \$1.2 million. The Company expects to complete the optimization program in the third quarter and the full benefit from this production will be realized in the fourth quarter of 2009. Additional capital expenditures including the drilling of up to 10 wells is also scheduled for the third and fourth quarters of 2009 and is contingent on the completion of the Plan and the availability of internally generated cash flow.

Sources of Working Capital

Asset Sales - \$9,850,000

The Company has accepted an offer from the AltaEast Production Limited Partnership (“AEPLP”) to acquire 140 boepd of proved producing and 171 boepd of proved plus probable producing reserves, shut in wells, undeveloped lands, 3D seismic data and other costs for \$8,850,000 (the “Sale”). The AEPLP is currently raising \$10,000,000 to fund the Sale. FairWest has received \$1,750,000 from the AEPLP and these funds have been used to reduce Credit Facility A.

The Company has accepted an offer from the AltaEast Land Fund Limited Partnership (“AELFLP”) to acquire a working interest in the Company’s undeveloped lands for a total consideration of \$1,000,000. These lands are primarily located in the Berry Creek, Kirkpatrick Lake and Provost areas of Alberta. FairWest expects to receive the proceeds from AELFLP by the end of June 2009.

The sale of assets to related parties is consistent with the Company's operating and financial strategy to transact with related limited partnerships ("LPs") that are prepared to acquire oil and gas properties from FairWest and jointly participate with FairWest in optimization operations. FairWest provides management services to the LPs and allocates a portion of its corporate overhead expenses to the LPs. After two years from formation of the LPs, FairWest has an obligation to make an offer to acquire the LP's assets at fair market value. Three prior LP offerings in 2007 and 2008 raised \$11.0 million and were oversubscribed.

Monetizing the Natural Gas Hedge - \$750,000

FairWest has an existing natural gas forward sale contract for 1,000 gigajoules ("GJ") per day until December 31, 2009 at a minimum price of \$8.00 per GJ. The current value of the Natural Gas Hedge to the Company is approximately \$750,000. The Company intends to sell the Natural Gas Hedge and the net proceeds will be used to reduce Credit Facility A.

Flow Through Shares - \$2,000,000

Subject to regulatory approval, the Company intends to sell \$2,000,000 of flow through shares to investors before June 30, 2009 to be priced in the context of the market. These funds will initially reduce unsecured debt and by December 31, 2010 sufficient qualifying expenditures will be incurred by the Company on 3D seismic and exploration and renounced to the flow through share investors.

Uses of Working Capital

Reduction of Credit Facility A - \$5,300,000

The Plan calls for a reduction in the amount of Credit Facility A by \$5.3 million. This will reduce Credit Facility A to \$6.9 million. Once the Plan is completed, the Company is expected to comply with the working capital covenant and have a revolving credit facility that is fully supported by its production and reserves.

Reduction of Debt to Unsecured Creditors - \$7,180,000

The Plan calls for a reduction of the amount due to unsecured creditors of \$7.18 million which is expected to result in positive working capital, net of bank debt and convertible debentures. Once the payment is made to the unsecured creditors, trade payables will be current and future payments will be made in a manner that is consistent with industry standard payment terms.

Optimization Capital - \$1,200,000

Upon completion of the Plan, the Company will use cash flow to carry out its optimization program, which is expected to add 380 boepd of incremental production.

2009 Growth Capital Program - \$4,000,000

Capital expenditures of approximately \$4,000,000 are planned for the third and fourth quarters of 2009. These expenditures will primarily involve the drilling of 10 wells (4 net) and are expected to add incremental production by the fourth quarter of 2009. These capital expenditures are contingent upon the availability of internally generated cash flow from operations and will be adjusted downward if cash flow is less than expected.

Outlook

The Company's base production after the implementation of the Plan and the optimization program will be approximately 1,080 boepd. The Company expects to add further production in the fourth quarter as a result of its growth capital program that is expected to contribute to a 1,250 boepd exit rate for 2009. This represents a 70% increase in production over fourth quarter 2008 levels. The Company will continue to develop its core areas, with both industry partners and related limited partnerships.

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.

FairWest 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.

For further information, contact:

FairWest Energy Corporation

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