

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

1. Name and Address of Company:

Pinecrest Energy Inc. ("**Pinecrest**" or the "**Corporation**")
500, 255 – 5th Avenue S.W.
Calgary, Alberta,
T2P 3G6

2. Date of Material Change:

November 20, 2012.

3. News Release:

A joint news release disclosing the material change described below was issued by Pinecrest and Spartan Oil Corp. ("**Spartan**") on November 21, 2012 and disseminated through the facilities of a recognized news service and would have been received by the securities commissions where the parties are reporting issuers in the normal course of its dissemination.

4. Summary of Material Change:

Pinecrest and Spartan entered into an arrangement agreement (the "**Arrangement Agreement**"), a copy of which has been filed on the SEDAR website at www.sedar.com under the Corporation's profile, pursuant to which Spartan and Pinecrest agreed to combine to form a new entity (the "**Combined Company**") pursuant to a plan of arrangement (the "**Arrangement**"). Under the terms of the Arrangement Agreement, holders ("**Spartan Shareholders**") of common shares of Spartan ("**Spartan Shares**") will receive 2.738 common shares of Pinecrest (the "**Pinecrest Shares**") for each Spartan Share held.

Capitalized terms not otherwise defined in this report have the meanings ascribed to them in the Arrangement Agreement.

5. Full Description of Material Change:

The description of the Arrangement Agreement in this report does not purport to be complete and is qualified in its entirety by the full text of the Arrangement Agreement.

The Arrangement

On November 20, 2012, Pinecrest and Spartan entered into the Arrangement Agreement with respect to the combination of Pinecrest and Spartan. The merger will be completed through the acquisition by Pinecrest of all the issued and outstanding Spartan Shares, pursuant to a plan of arrangement to be implemented under the *Business Corporations Act* (Alberta) (the "**ABCA**"). The Arrangement Agreement provides that Spartan Shareholders will receive 2.738 Pinecrest Shares in exchange for each Spartan Share held.

Upon completion of the Arrangement and prior to a proposed 3 to 1 share consolidation to be completed under the terms of the Arrangement Agreement, the Combined Company will have

approximately 513.4 million Pinecrest Shares outstanding with the former Spartan Shareholders owning approximately 49% of the issued and outstanding Pinecrest Shares.

Subject to the completion of the Arrangement, the Pinecrest Board of Directors has approved the initial annualized dividend of \$0.155 per share that is anticipated to be declared in the first month subsequent to the completion of the Arrangement.

Following completion of the Arrangement, the current management of Pinecrest, led by Wade Becker, will manage the Combined Company. Further, it is contemplated that Richard McHardy and Don Archibald, currently members of the Spartan Board of Directors, will be appointed to the board of directors of the Combined Company at closing.

Interim Order and Calling of Pinecrest and Spartan Meetings

The Arrangement Agreement provides that the Arrangement will be effected under the ABCA. In the Arrangement Agreement, Spartan and Pinecrest have agreed to make an application for an interim order (the "**Interim Order**") of the Court of Queen's Bench of Alberta on or prior to December 21, 2012. The Interim Order is expected to contain declarations and directions with respect to the Arrangement and the calling and conduct of the special meeting of Spartan Shareholders (the "**Spartan Meeting**") at which Spartan Shareholders will be asked to consider and, if thought fit, approve a special resolution respecting the Arrangement (the "**Spartan Arrangement Resolution**"). The Interim Order shall also contain declarations and directions with respect to the calling and conduct of the special meeting (the "**Pinecrest Meeting**") of shareholders of Pinecrest (the "**Pinecrest Shareholders**") at which the Pinecrest Shareholders will be asked, among other things, to consider and, if thought fit, approve a special resolution respecting the Arrangement (the "**Pinecrest Arrangement Resolution**"). The Arrangement Agreement provides that the Arrangement will be completed no later than January 31, 2013 (subject to the satisfaction or waiver of applicable conditions, including receipt of all necessary third party consents and required regulatory and shareholder approvals).

Approvals

The Arrangement Agreement provides that receipt of all required regulatory approvals, including, without limitation, conditional approval of the TSX Venture Exchange (the "**TSXV**") for the listing of the Pinecrest Shares to be issued pursuant to the Arrangement, is a condition precedent to the Arrangement becoming effective. Subject to the terms of the Interim Order, it is expected that the Spartan Arrangement Resolution and Pinecrest Arrangement Resolution will require approval by two-thirds of the votes cast by Spartan Shareholders and Pinecrest Shareholders, respectively present in person or by proxy at the Spartan Meeting and Pinecrest Meeting as well as by a majority of the minority of the Spartan Shareholders present in person or by proxy, pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, respectively in order to become effective. **In the event that the requisite approvals of the Spartan Shareholders and the Pinecrest Shareholders are not received, the Arrangement will not proceed.**

Representations, Warranties and Covenants of Pinecrest and Spartan

Pinecrest and Spartan have each made customary representations, warranties and covenants in the Arrangement Agreement, including, among others, covenants to conduct their businesses in the ordinary course between the execution of the Arrangement Agreement and the completion of the Arrangement and covenants not to engage in certain kinds of transactions during that period.

Conditions to Obligations of Pinecrest and Spartan

Completion of the Arrangement is subject to customary conditions including, among others, (i) approval of the Arrangement by the Spartan Shareholders, (ii) approval of the of the Arrangement by Pinecrest Shareholders, (iii) the receipt of required regulatory approvals, including any approvals required under the *Competition Act* (Canada), (iv) the approval of the listing of the Pinecrest Shares to be issued under the Arrangement on the TSXV, and (v) the absence of any Material Adverse Effect with respect to Spartan's or Pinecrest's business, as applicable.

Board Recommendations

The Pinecrest Board of Directors has unanimously approved (other than Wade Becker, a director of both Pinecrest and Spartan, who abstained from voting on the Arrangement, the determinations and resolutions by the respective boards of directors) the execution and delivery of the Arrangement Agreement and all related agreements by Pinecrest. The Pinecrest Board of Directors has unanimously determined that the Arrangement is in the best interests of Pinecrest and Pinecrest Shareholders. The Pinecrest Board of Directors has resolved unanimously to recommend that the Pinecrest Shareholders vote in favour of the Pinecrest Arrangement Resolution at the Pinecrest Meeting.

The Spartan Board of Director has unanimously approved the execution and delivery of the Arrangement Agreement and all related agreements by Spartan (other than Mr. Becker for the reasons described above). The Spartan Board of Directors has unanimously determined that the Arrangement is: (i) in the best interests of Spartan and Spartan Shareholders; and (ii) fair, from a financial point of view, to the Spartan Shareholders. The Spartan Board of Directors has resolved unanimously to recommend that the Spartan Shareholders vote in favour of the Spartan Arrangement Resolution at the Spartan Meeting.

Lock-up Agreements

Directors and officers of Spartan, who collectively hold approximately 27% of the outstanding Spartan Shares (on a fully diluted basis), have entered into support agreements with Pinecrest pursuant to which each has agreed to vote in favour of the Spartan Arrangement Resolution and otherwise support the Arrangement. Directors and officers of Pinecrest, who collectively hold approximately 24% of the outstanding Pinecrest Shares (on a fully diluted basis), have entered into support agreements with Spartan pursuant to which each has agreed to vote in favour of the Pinecrest Arrangement Resolution and otherwise support the Arrangement.

Non-Solicitation/Termination Fee

The terms of the Arrangement (i) restrict both Spartan and Pinecrest from soliciting, initiating or encouraging any discussions concerning an alternative business combination, (ii) provide both Spartan and Pinecrest the right to match any competing proposal in the event such proposal is made, and (iii) under certain conditions, provides for the payment of a reciprocal non-completion fee of up to \$12.5 million.

Financial Advisors

Dundee Securities Ltd. ("**Dundee**") is the lead financial advisor to Pinecrest with Scotiabank also acting as a financial advisor to Pinecrest. Dundee has provided the Pinecrest Board of Directors with a verbal opinion that as of the date of the Arrangement Agreement and, subject to its review

of the final form of document effecting the Arrangement, the consideration offered by Pinecrest pursuant to the Arrangement, is fair, from a financial point of view, to Pinecrest.

TD Securities Inc. ("TD") is acting as financial advisor to Spartan and TD has provided the Spartan Board of Directors with its verbal opinion that, as of the date of the Arrangement Agreement and subject to the review of final documentation, the consideration to be received by Spartan Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Spartan Shareholders.

Clarus Securities Inc. and GMP Securities L.P. are acting as strategic advisors to Spartan. Canaccord Genuity Corp. is acting as strategic advisor to Pinecrest.

READER ADVISORIES

Dividends

The payment and the amount of dividends declared in any month will be subject to the discretion of the board of directors and will depend on the board of director's assessment of the Combined Company's outlook for growth, capital expenditure requirements, funds from operations, potential acquisition opportunities, debt position and other conditions that the board of directors may consider relevant at such future time. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including fluctuations in commodity prices and differentials, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens and foreign exchange rates.

Forward-Looking Statements

This material change report contains forward-looking statements. More particularly, this material change report includes, without limitation, forward-looking statements concerning the timing and completion of the Arrangement, the timing and amount of future dividend payments, members of the Combined Company's management and board of directors following completion of the Arrangement and other similar matters.

The forward-looking statements contained in this material change report are based on certain key expectations and assumptions made by Pinecrest. Although Pinecrest believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Pinecrest cannot give any assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary regulatory, shareholder and court approvals for the Arrangement and risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures).

The forward-looking statements contained in this material change report are made as of the date hereof and Pinecrest undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Please refer to Pinecrest's 2012 Annual Information Form for additional risk factors relating to Pinecrest which is available for viewing on www.sedar.com.

This material change report shall not constitute an offer to sell or the solicitation of an offer to buy any securities nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities issued pursuant to the Arrangement and have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from such registration.

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

N/A

7. Omitted Information:

N/A

8. Executive Officer:

For further information, contact Mr. Wade Becker, President and Chief Executive Officer or Mr. Dan Toews Chief Financial Officer at (403) 817-2550.

9. Date of Report:

November 29, 2012.