

MATERIAL CHANGE REPORT
Form 51-102F3

Item 1 **Name and Address of Company**

Kestrel Gold Inc. (“**Kestrel**” or the “**Corporation**”)
Suite 218, 1217 Centre Street N.W.,
Calgary, AB T2E 2R4

Item 2 **Date of Material Change**

The material change occurred on December 13 , 2011.

Item 3 **News Release**

A press release relating to the material change described herein was disseminated on December 13, 2011 via Marketwire.

Item 4 **Summary of Material Changes**

Kestrel announced that results have now been compiled for Kestrel's 2011 soil geochemistry program on the Gulf Property, south of Dawson City, in the Yukon Territory.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

Kestrel announced that results have now been compiled for Kestrel's 2011 soil geochemistry program on the Gulf Property, south of Dawson City, in the Yukon Territory.

Sampling focussed on regional coverage of the claims in the northern and eastern parts of the property and on extending the 1 km long northwest trending discontinuous yet persistent soil geochemical gold anomaly that includes five soil values above 100 ppb Au (up to 965 ppb).

Rocks were also sampled from hand dug pits above Scribner Creek to check the validity of previously sampled high grade localised gold areas along this trend. This was achieved with 11 mainly selective grab samples that were collected in a locality near where a 51.2 g/t Au selective grab sample was previously (Non NI 43-101) reported. Scribner Creek has past placer workings downstream of this area.

Four of the 2011 rock samples returned values greater than 1 g/t Au with a maximum of 5.2 g/t Au from localised rusty quartz vein material hosted in chlorite-sericite-iron oxide altered mixed schists and meta-granites.

In the soil geochemical survey, the highest gold value was 190 ppb Au in a spot high near a tributary branch of Scribner Creek - effectively extending the zone of greater than 100 ppb Au soil anomalies another 200 metres to the northwest. The linear gold anomaly now spans distance of 1200 metres on the north east side of and parallel to Scribner Creek.

An arsenic anomaly extends out from the 190 ppb sample at least 100 metres further along the Scribner Creek drainage with additional spot highs in the head waters of the creek (arsenic anomalies in soil also occur in the northwest trending anomalous gold zone). Even further north east in the head waters of the Scribner Creek drainage, are broader moderate lead, copper and zinc anomalies. It is not clear at this stage what the cause of these might be.

The exploration program also found two spot anomalies of 75 ppb Au and 100 ppb Au at the northern end of the property and while the focus of continuing exploration will be on the Scribner gold anomaly, the Corporation believes that these areas warrant follow up work as well.

A geophysical IP survey has been conducted across part of the Scribner gold anomaly and results are being compiled along with those on Kestrel's three other Yukon properties and it is anticipated the results will be released shortly.

1631 mainly C-horizon auger samples were collected on the property by All-Terrane Mineral Exploration Services with a QA/QC procedure involving the insertion of known standard values typically followed by "blank" samples at regular intervals. Follow up silt samples and rock samples were collected by L. Gal (P. Geo.) and W. A. Taylor (P. Geo.). Analytical work was completed at Eco Tech Laboratory Ltd. (Stewart Group Geochemical and Assay) in Whitehorse, Yukon and Kamloops, B.C. and also at ALS Canada Ltd. in North Vancouver, B. C. (both registered for ISO 9001:2008). Soil samples were dried and sieved to -80 mesh and both soil and rock samples were analysed for 35 elements by aqua regia digestion, ICP-AES finish. Gold was analysed by fire assay with AA finish, with a 30g sample utilized.

Maps illustrating the content of the release are anticipated to be posted on the Corporation's website in the near future.

Technical aspects of the news release have been reviewed and approved by W. A. Taylor, P. Geo, hereby designated as a qualified person under National Instrument 43-101.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact:

Kestrel Gold Inc.

Kevin Nephin, President & Chief Executive Officer

Tel: (604) 824-6056

Item 9 Date of Report

This report is dated December 13, 2011.

Cautionary Statements

This material change report contains “forward-looking information” within the meaning of applicable securities laws relating to certain explorations activities, including the contemplated future exploration of the property and future reporting of exploration results. Readers are cautioned to not place undue reliance on forward-looking statements. Forward-looking statements are based on certain key assumptions made by the Corporation, including assumptions related to sufficient financing and other resources to carry out planned future exploration programs. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, insufficient funds or other resources to carry out the planned exploration programs. The forward-looking statements in this material change report are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward looking statements whether as a result of new information or otherwise, except as required by applicable securities laws. The Corporation undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of the Corporation or its financial or operating results or (as applicable) their securities.