

MATERIAL CHANGE REPORT
Form 51-102F3

1. Reporting Issuer

MCW Energy Group Limited (the “**Issuer**”)
181 Bay Street, Suite 4400
Toronto, ON M5J 2T3

2. Date of Material Change

December 17, 2014

3. News Release

A news release with respect to the material change referred to in this report was disseminated on December 18, 2014 through Marketwired and filed on the system for electronic document analysis and retrieval (SEDAR).

4. Summary of Material Change

MCW Fuels, Inc., indirectly a wholly owned subsidiary of the Issuer, entered into a definitive agreement to assign its fuel supply and distribution agreements for all of its branded and unbranded gas stations and certain related liabilities to an arm’s length private fuel distribution company.

5. Full Description of Material Change

The material change is fully described in the news release attached hereto.

6. Reliance on Section 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

The executive officer who can answer questions regarding this report is Alex Blyumkin, Executive Chairman. Mr. Blyumkin can be reached at (310) 990-0119.

9. Date of Report

December 18, 2014



MCW ENERGY GROUP ANNOUNCES EXECUTION OF DEFINITIVE AGREEMENT TO SELL CERTAIN ASSETS OF MCW FUELS

Toronto, Ontario, Canada – December 18, 2014 – MCW Energy Group Limited (“**MCW**”) (TSXV:MCW; OTCQX:MCWEF), a Canadian holding company involved in fuel distribution, through MCW Fuels, Inc. (“**MCW Fuels**”), and the creation of oil sands extraction technology, through MCW Oil Sands Recovery, LLC (“**MCW Oil Sands**”), announces the execution by MCW Fuels of a definitive agreement to sell its rights to distribute fuel to all of its branded and unbranded gas stations.

In an effort to concentrate on the oil sands segment of the business, MCW management has decided to dispose of substantially all of the assets of the fuel distribution business. The potential for profit of the oil sands project substantially outweighs the small margins that are inherent in the fuel distribution business, which has been operating at a loss as of late. This strategic decision will allow MCW Fuels to dispose of a significant portion of their liabilities and potentially obtain some capital to fund the development and operations of the oil sands project. While MCW Fuels had several offers for the acquisition of these assets, it has decided to proceed as detailed below.

Pursuant to the terms of an asset purchase and sale agreement (the “**Agreement**”) between MCW Fuels, indirectly a wholly owned subsidiary of MCW, and an arm’s length private California fuel distribution company (the “**Purchaser**”):

- MCW Fuels has agreed to assign its fuel supply and distribution agreements for all of its branded and unbranded gas stations (the “**Purchased Contracts**”) and certain related liabilities (the “**Purchased Liabilities**”) (collectively, the “**Purchased Assets**”) to the Purchaser
- the consideration for the disposition is US\$5 million payable at closing as well as, on or before April 15, 2015, an additional amount (calculated pursuant to the Agreement based on “gross profits” over a certain time frame)
- the completion of the transaction and payment of the additional amount on or before April 15, 2015, is subject to certain conditions precedent, including MCW obtaining all necessary consents and approvals
- MCW Fuels may sell the Purchased Assets to an alternate purchaser that offers MCW Fuels a more favourable purchase price in exchange for a US\$500,000 breakup fee
- the initial purchase price of US\$5 million was directed to be paid to certain third parties to settle certain liabilities owed by MCW Fuels to two major fuel suppliers
- assets of MCW Fuels excluded from the sale included, without limitation, a gas station, including associated goodwill, located in Thousand Oaks, California; all cash and cash equivalents; all accounts payables due to customers, suppliers, and third parties; all accounts receivable, notes and other receivables from third parties, customers and related parties due to MCW Fuels; all prepaid expenses and deposits; all rights, title and interest to any real property leased or owned by MCW Fuels; all intellectual property rights related to the name “MCW”

Based on the consolidated audited financial statements for MCW for the year ended August 31, 2014 (filed on SEDAR on December 16, 2014):

- the Purchased Contracts represent approximately 14% (US\$4,345,168) of the total consolidated assets of MCW
- the Purchased Liabilities represent approximately 8% (US\$2,814,748) of the total consolidated liabilities of MCW
- the net loss and comprehensive loss of activities related to the Purchased Contracts represent approximately 28% (US\$2,838,677) of the total consolidated net loss and comprehensive loss of MCW
- the Purchased Contracts represent 100% of the revenues and gross profit of MCW (which had a corresponding loss from operations of US\$3,657,286)

MCW believes that the sale of the material operating business of MCW Fuels is necessary, and will turn out to be a positive, development for MCW as it focuses its time, attention and capital on the development and commercialization of MCW Oil Sands.

For more information, please contact:

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The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements. These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward looking statements. Forward-looking statements in this news release, include, but are not limited to the potential sale of MCW Fuels; expected effects of the transaction; the additional consideration to be paid for the Purchased Assets; the likelihood of a better offer for the Purchased Assets being received; director, shareholder, Exchange and regulatory approval of the transactions contemplated herein; commercial viability of the technology and the extraction plant; economic performance and future plans; and objectives of MCW. Any number of important factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although MCW believes that the expectations reflected in forward looking statements are reasonable, they can give no assurances that the expectations of any forward looking statements will prove to be correct. Except as required by law, MCW disclaims any intention and assumes no obligation to update or revise any forward looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward looking statements or otherwise.

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