FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

CanElson Drilling Inc. ("**New CanElson**")
515, 808 - 4th Avenue S.W.
Calgary, Alberta T2P 3E8

Item 2. Date of Material Change

December 10, 2008.

Item 3. News Release

A press release was disseminated on December 11, 2008 via Marketwire.

Item 4. Summary of Material Change

New CanElson announced that CanElson Drilling Inc. ("**CanElson**") and EMR Drilling Inc. ("**EMR**") completed the previously announced amalgamation (the "**Amalgamation**"), pursuant to which CanElson and EMR combined their businesses and operations, with the amalgamated company continuing under the name "CanElson Drilling Inc." In addition, New CanElson announced that it completed the construction of its first drilling rig and commenced operations.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

New CanElson announced that CanElson and EMR completed the Amalgamation pursuant to which CanElson and EMR combined their businesses and operations, with the amalgamated company continuing under the name "CanElson Drilling Inc." The Amalgamation was approved by 100% of the shareholders of each of CanElson and EMR who voted on the Amalgamation at each of the special meetings of the shareholders of CanElson and EMR held on December 9, 2008.

Pursuant to the Amalgamation, each outstanding common share of CanElson and EMR was exchanged for one (1) common share of New CanElson. In addition, all of the issued and outstanding securities of CanElson and EMR convertible into common shares of CanElson or EMR, as applicable, were exchanged for corresponding securities of New CanElson on a one-for-one basis. The issued and outstanding share capital of New CanElson is currently comprised of 26,100,001 common shares, 1,122,000 stock options, 900,000 agent's warrants and 100,000 agent's options. A letter of transmittal was previously mailed to the former CanElson and EMR shareholders providing instructions as to how such shareholders should submit their CanElson and/or EMR common shares to be exchanged for certificates representing the common shares of New CanElson to which they are entitled pursuant to the Amalgamation.

Pursuant to the terms of the Amalgamation, the board of directors of New CanElson consists of Elson McDougald, Randy Hawkings, Donald Seaman, Kent Jespersen, Henry Lawrie, Dan Kolibar and Elizabeth Logan. The officers of New CanElson are:

Elson McDougald	-	Chairman and Chief Executive Officer
Randy Hawkings	-	President and Chief Operating Officer
Murray Hinz	-	Chief Financial Officer
Lawrence Kolasa	-	Vice President, Rig Construction
Michael Smith	-	Vice President, Operations
Dan Kolibar	-	Corporate Secretary

CanElson is a capital pool company under the policies of the TSX Venture Exchange (the "**Exchange**") and it is intended that the Amalgamation will constitute the qualifying transaction of CanElson. The Exchange has provided conditional acceptance of the Amalgamation as CanElson's Qualifying Transaction subject to the satisfaction of all of the Exchange's conditions and the issuance of a final bulletin by the Exchange accepting notice of the Amalgamation.

New CanElson is an Alberta, Canada corporation that is engaged in the manufacture and operation of drilling rigs in Canada's Western Sedimentary Basin ("**WCSB**"). New CanElson has completed the construction of its first drilling rig and it commenced operations on December 9, 2008.

As a result of the completion of the Amalgamation, upon issuance of the final Exchange bulletin, New CanElson will no longer be considered a capital pool company under the policies of the Exchange and will not trade with the designation "P" in its stock symbol. In addition, pursuant to the Amalgamation, New CanElson has acquired the business and operations of the predecessor company EMR and will carry on the business formerly carried on by EMR, being the manufacture and operation of drilling rigs in the WCSB. As a result of the completion its first drilling rig, New CanElson has commenced operations and the company has now begun to generate revenues.

Advisory Regarding Forward-Looking Information

Certain statements contained in this material change report constitute forward-looking information. These statements relate to future events or New CanElson's future performance. The use of any of the words *"could"*, *"expect"*, *"believe"*, *"will"*, *"projected"*, *"estimated"* and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on New CanElson's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, the statements pertaining to the Exchange's acceptance of the Amalgamation as CanElson's qualifying transaction contain forward-looking information. Actual results and developments may differ materially from those contemplated by this forward-looking information. New CanElson disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on Section 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

The name and business number of the executive officer of New CanElson who is knowledgeable about the material change and this report is:

Elson J. McDougald – Chief Executive Officer
Phone: (403) 266-3922

Item 9. Date of Report

December 17, 2008.