FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

CanElson Drilling Inc. (“**CanElson**”)
515, 808 – 4th Avenue SW
Calgary, Alberta T2P 3E8

Item 2 Date of Material Change

January 28, 2011

Item 3 News Release

A Press release was disseminated on January 31 via Marketwire.

Item 4 Summary of Material Change

CanElson announced that it has closed the previously announced acquisition of Eagle Drilling Services Ltd., a private corporation which owns and operates drilling rigs in the Bakken area of south east Saskatchewan and south west Manitoba.

Item 5 Full Description of Material Change

CanElson has closed the previously announced acquisition of Eagle Drilling Services Ltd. (“**Eagle**”), a private corporation which owns and operates drilling rigs in the Bakken area of south east Saskatchewan and south west Manitoba (the “**Acquisition**”).

CanElson took up and paid for 9,323 Eagle shares that were tendered to CanElson’s Offer to Purchase dated January 13, 2011 (the “**CanElson Offer**”) representing 100% of Eagle’s outstanding shares. An aggregate of 9,879,501 common shares of CanElson were issued and cash in an amount of $19,700,000 was paid to the shareholders of Eagle pursuant to the CanElson Offer. After completion of the Acquisition, CanElson has 60,181,335 common shares issued and outstanding and approximately $46 million of gross bank debt.

With the addition of the 8 Eagle rigs to CanElson’s existing Canadian fleet, 100% of CanElson’s owned drilling rig fleet is ultra heavy, small footprint telescopic double drilling rigs rated greater than 3500 meters with an average age of less than 3 years designed for horizontal and resource play drilling. By the end of the first quarter, CanElson will operate a combined rig fleet of 27 (net owned 23) rigs.

With the closing of the Acquisition, CanElson has increased its available credit facilities from $40.0 million to approximately $73.4 million. The credit facilities consist of:

a) a $5 million operating facility, due on demand;

b) a $13.4 million 3 year term leasing arrangement; and

c) a $55 million committed 364 day extendible revolving credit facility.

Any outstanding balance of the $55 million committed facility will, unless otherwise extended on June 30, 2011, be repayable in equal repayments of 1/36th of the outstanding balance monthly for two years, with the remaining outstanding balance payable in full at maturity.

In connection with the closing of the Acquisition, CanElson appointed Derrick Big Eagle, a founder of Eagle, as Vice President, Business Development.

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

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact:

Randy Hawkings, President and Chief Executive Officer
Tel: (403) 266-3922

Item 9 Date of Report

February 3, 2011