MATERIAL CHANGE REPORT
Form 51-102F3

1. **Reporting Issuer**

RedWater Energy Corp. (the "Issuer")
17 Oak Avenue
Okotoks, Alberta, T1S 1K6

2. **Date of Material Change**

December 24, 2012

3. **News Release**

A news release with respect to the material change referred to in this report was disseminated on January 3, 2013 through Marketwire and filed on the system for electronic document analysis and retrieval (SEDAR).

4. **Summary of Material Change**

The Issuer entered into an agreement to complete a strategic asset acquisition in its core Redwater area of operation.

5. **Full Description of Material Change**

The material change is fully described in the news release annexed 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 Kyle Francis, Chief Financial Officer. Mr. Francis can be reached at (403) 995-0465.

9. **Date of Report**

January 4, 2013

RED: TSX Venture Exchange January 3, 2013

REDWATER ANNOUNCES STRATEGIC ACQUISITION IN REDWATER CORE AREA AND PROVIDES OPERATIONAL UPDATE

Okotoks, Alberta – RedWater Energy Corp. ("RedWater" or the "Company") (TSXV: RED) is pleased to announce that it has entered into an agreement to complete a strategic asset acquisition in its core Redwater area of operation. The acquisition expands RedWater's extensive inventory of identified Mannville and Viking oil opportunities in the area.

The Company is also pleased to provide an operational update on recent well operations and fourth quarter drilling activities.

Strategic Acquisition

The purchase price of the acquisition is $2,500,000 (plus customary post-closing adjustments). The Company will utilize working capital on hand, cash flow from operations and available credit facilities to complete the acquisition. We expect to close the acquisition by January 31, 2013 with an effective date of December 1, 2012.

The acquisition will increase RedWater's production by approximately 45 barrels of oil per day and 180 mcf per day of natural gas (30 boepd) for a total of 75 boepd. In addition, the Company acquired 9.4 sections of undeveloped land in Redwater and Westlock. RedWater has identified an additional 10 drilling locations on the land and a number of re-entry candidates. The oil production has a reserve life index of 10.7 years. The Company will release additional transaction metrics at closing.

Operations Update

Redwater
RedWater spud the first of its five well 2013 Redwater drilling program on December 21, 2012. The well is in the process of being tested and we expect to have the well on production in late January 2013. Results of the test and production rates will be provided in the first quarter.

Davey Lake
Our previously announced successful re-entry at Davey Lake is in the process of being tied in and we expect the well to be on production by end of January 2013. The Company anticipates producing under restricted conditions at 45 barrels of oil per day and 300 mcf of natural gas per day (50 boepd) for a total of 95 boepd to ensure stable rates.

We anticipate exiting the first quarter of 2013 with total production of 200 barrels of oil per day and 630 mcf of natural gas per day (105 boepd) for a total of 305 boepd.

Business of RedWater Energy Corp.

RedWater Energy Corp. is an emerging oil and gas exploration and development company. RedWater is engaged in the acquisition, enhancement and exploration of conventional oil and gas projects in Western Canada with a focus on developing high working interest light oil opportunities. RedWater's core properties are located in Redwater, Westlock, Fairydell-Bon Accord and Panny areas of Alberta. www.redwaterenergy.com.

For more information please contact:

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Cautionary Statements

Forward-looking information and statements

This news release contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the forgoing, this news release contains forward-looking information and statements pertaining to the following; the timing for completion and equipping of wells; the volume and product mix of RedWater's oil and gas production and its ability to develop RedWater's oil resource properties, the use of the RedWater's cash flow from operations and expanded credit facilities; the number of wells to be drilled and potential development drilling and number of potential oil development locations.

In addition, forward-looking statements or information are based on a number of material factors, expectations or assumptions of RedWater which have been used to develop such statements and information but which may prove to be incorrect. Although RedWater believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because RedWater can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: results from drilling and development activities consistent with past operations; the continued and timely development of infrastructure in areas of new production; continued availability of debt and equity financing and cash flow to fund RedWater's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which RedWater operates; the timely receipt of any required regulatory approvals; the ability of RedWater to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which RedWater has an interest in to operate the field in a safe, efficient and effective manner; the ability of RedWater to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of RedWater to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which RedWater operates; the ability of RedWater to successfully market its oil and natural gas products that all necessary regulatory approvals will be obtained as and when required, that there will be no material adverse change in RedWater's affairs or laws, rules or regulations relating to RedWater, its securities or business, there will be no regulatory proceedings involving RedWater or any of its directors or officers, or any cease trade or other order prohibiting or restricting trading in RedWater's securities, no major national or international event will have occurred that has or would reasonably be expected to have a material adverse effect on financial markets or the business, operations or affairs of RedWater.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statement, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of RedWater's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of RedWater or by third party operators of RedWater's properties, increased debt levels or debt service requirements; inaccurate estimation of RedWater's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in RedWater's public disclosure documents, (including, without limitation, those risks identified in this news release and RedWater's public company documents filed on SEDAR).

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and RedWater does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

Funds flow from operations are not measures that have any standardized meaning prescribed by IFRS or Canadian GAAP and accordingly are referred to as non – GAAP measures. Therefore, these measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented here and in our MD&A in order to provide shareholders and potential investors with additional information regarding Redwater's liquidity and its ability to generate funds to finance its operations. Management utilizes "Funds flow from operations" as a key measure to assess the ability of RedWater *to finance operating activities and capital activities. All references to funds flow from operations throughout this report are calculated based on cash flows from operating activities before changes in non-cash working capital. Cash flows from operating activities are the closest comparable figure which is calculated in accordance with IFRS and Canadian GAAP.*

BOE Equivalent

Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release."