

Form 51-102F3

Material Change Report

Item 1: Name and Address of Company

Crestwell Resources Inc. (the “**Issuer**”)
Suite 804 – 750 West Pender Street
Vancouver, BC V6C 2T7

Item 2: Date of Material Change

August 14, 2015

Item 3: News Release

A news release was issued and disseminated on August 14, 2015 and filed on SEDAR (www.sedar.com) and the Canadian Securities Exchange (the “CSE”). A copy of the news release is attached as Schedule “A” hereto.

Item 4: Summary of Material Change

The issuer announced the entering into an arrangement agreement dated August 13, 2015 (the “**Arrangement Agreement**”). Pursuant to the Arrangement Agreement, the Issuer will acquire all of the outstanding common shares of Crown Life Canada Ltd. (“**Crown Life**”) in exchanged for common shares in the capital of the Issuer by way of a plan of arrangement under the *Business Corporations Act* (Ontario) (the “**Arrangement**”).

Item 5: Full Description of Material Change

5.1 Full Description of Material Change

See news release dated August 14, 2015 attached as Schedule “A”.

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

None.

Item 8: Executive Officer

Thomas Kennedy, CEO
Telephone: (604) 682-2928

Item 9: Date of Report

August 14, 2015

Schedule "A"



CRESTWELL RESOURCES INC. AND CROWN LIFE CANADA LTD. ENTER INTO ARRANGEMENT AGREEMENT

August 14, 2015, Vancouver, British Columbia: Crestwell Resources Inc. (CSE: CER) ("**Crestwell**") and Crown Life Canada Ltd. ("**Crown Life**") are pleased to announce that they have entered into an arrangement agreement dated August 13, 2015 (the "**Arrangement Agreement**"). Pursuant to the Arrangement Agreement, Crestwell will acquire all of the outstanding common shares of Crown Life in exchange for common shares in the capital of Crestwell by way of a plan of arrangement under the *Business Corporations Act* (Ontario) (the "**Arrangement**").

Upon completion of the Arrangement:

- Crown Life will become a wholly-owned subsidiary of Crestwell and the current Crown Life shareholders will become shareholders of Crestwell;
- Crown Life's existing senior management team, including Lorraine Fusco (President and Chief Executive Officer), Walter Fusco (Executive Vice-President) and David Berman (Chief Financial Officer), will continue the Crown Life business as Crestwell's senior management team; and
- the Crestwell board of directors will be reconstituted and is anticipated to be comprised of Walter Fusco (Chairman), Lorraine Fusco, Keith Stein, Anthony Durkacz and Fraser Clarke.

Prior to executing the Arrangement Agreement, Crown Life provided notice to Terreno Resources Corp. that it was terminating the arrangement agreement dated June 18, 2015 that was entered into between Crown Life and Terreno Resources Corp.

Arrangement Overview

Crestwell currently has 39,371,833 common shares issued and outstanding and, a total of 17,783,292 Crestwell common shares are reserved for issuance under management stock options, agent stock options and warrants as of the date hereof. Additionally, Crown currently has 224,098,504 common shares outstanding and options and warrants which are exercisable into 1,419,000 common shares of Crown Life.

Pursuant to the terms of the Arrangement Agreement, immediately prior to the Arrangement, Crestwell is required to complete a consolidation of the Crestwell common shares on a 3.74 for 1 basis (the "**Crestwell Consolidation**"), which will result in there being approximately

10,527,228 post-Crestwell Consolidation common shares of Crestwell (the "**Crestwell Shares**") issued and outstanding. Additionally, Crown Life is also required to complete a consolidation of the Crown Life common shares on a 4.73 for 1 basis (the "**Crown Life Consolidation**"), which will result in there being approximately 47,378,119 post-Crown Life Consolidation common shares of Crown Life (the "**Crown Life Shares**") issued and outstanding.

The Arrangement will be effected by way of a statutory plan of arrangement pursuant to the *Business Corporations Act* (Ontario). Pursuant to the Arrangement Agreement and upon completion of the Crestwell Consolidation and the Crown Life Consolidation, Crown Life will complete a reverse take-over of Crestwell with each Crown Life shareholder receiving one (1) Crestwell Share for each Crown Life Share held immediately prior to the completion of the Arrangement.

Upon completion of the Arrangement and without giving effect to the financing to be conducted by Crown Life in connection therewith, on a *pro forma*, post-consolidation basis, the resulting issuer will have approximately:

- 57,905,347 issued and outstanding Crestwell Shares, of which approximately 18.18% will be held by former Crestwell shareholders and approximately 81.82% will be held by former Crown Life shareholders; and
- outstanding stock options and warrants and other equity compensation arrangements to issue up to an additional 5,054,890 Crestwell Shares.

Additionally, upon completion of the Arrangement, principals of the resulting issuer will be required to enter into escrow agreements that provide for the escrow of the principals' Crestwell Shares received in connection with the Arrangement for a period of thirty-six months. Ten percent of the Crestwell Shares held in escrow will be released on the date that the Crestwell Shares commence trading on the Canadian Securities Exchange upon completion of the Arrangement and every six months thereafter an additional fifteen percent of the escrowed shares will be released.

The Arrangement has been unanimously approved by the board of directors of Crestwell and by the sole director of Crown Life. Completion of the Arrangement is expected to occur prior to October 31, 2015 and is conditional upon, among other things, receipt of all required court, stock exchange and shareholder approvals. For additional information please see the Arrangement Agreement which has been filed on under Crestwell's profile on SEDAR at www.sedar.com.

Shareholder Meetings

Crestwell will be calling an annual and special meeting of its shareholders to seek approval of, among other things, the change of Crestwell's name to "Crown Life Canada Ltd.", the reverse takeover and the associated change of business upon completion of the Arrangement, the Crestwell Consolidation and the issuance of Crestwell Shares to former Crown Life shareholders pursuant to the Arrangement. Additionally, Crown Life will be calling a special meeting of its shareholders to seek approval of the Crown Life Consolidation and the Arrangement. Details regarding the meetings of the shareholders of Crestwell and Crown Life, respectively, will be provided in a joint management information circular of Crestwell and Crown Life that will be mailed to shareholders.

Crown Life Financing

Pursuant to the Arrangement Agreement, Crown Life is required to complete a minimum financing of \$3,000,000. Crown Life has retained First Republic Capital Corporation (the "**Agent**"), together with a selling group including Jacob Securities Inc., to act as agent in connection with a best efforts private placement of a minimum of 7,894,737 subscription receipts of Crown Life (the "**Subscription Receipts**") at price of \$0.38 per Subscription Receipt for minimum gross proceeds of approximately \$3,000,000 and up to 13,157,894 Subscription Receipts for maximum gross proceeds of \$5,000,000 (the "**Offering**"), or such greater number of Subscription Receipts as Crown Life, Crestwell and the Agent may determine. Upon closing of the Offering, the gross proceeds of the Offering less the reasonable expenses of the Agent (the "**Escrowed Proceeds**") will be held in escrow on behalf of the subscribers by an escrow agent and invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments).

The Escrowed Proceeds and all accrued interest, less the Agent's fee and any unpaid expenses of the Agent, will be released to Crown Life upon receipt by the escrow agent of a notice from Crown Life and the Agent indicating the satisfaction of the escrow release conditions agreed to among Crown Life, Crestwell and the Agent at which time each Subscription Receipt will automatically convert, without any further action on the part of the holder, into one unit of Crown Life (a "**Crown Life Unit**"). In the event the escrow release conditions are not satisfied on or before the escrow release deadline determined by Crown Life and the Agent, the Subscription Receipts will be cancelled and all proceeds from the sale of the Subscription Receipts will be returned to the subscribers.

Each Crown Life Unit will be comprised of one Crown Life Share and one Crown Life Share purchase warrant (each, a "**Crown Life Warrant**") entitling the holder to acquire one additional Crown Life Share at an exercise price of \$0.55 for a period of two-years from the closing date of the Offering, subject to certain acceleration provisions.

Pursuant to the terms of the Arrangement Agreement, upon completion of the Arrangement, the subscribers for Crown Life Units will receive one Crestwell Share for each Crown Life Share and one Crestwell Share purchase warrant having terms identical to the Crown Life Warrants for each Crown Life Warrant.

The net proceeds of the Offering will be expected to be used by the resulting issuer for the acquisition of additional life settlement portfolios, working capital and general corporate purposes and expenses.

In connection with the Offering, the Agent will be entitled to a cash commission equal to 7.5% of the aggregate gross proceeds, and broker warrants exercisable for Crown Life Units equal to 7.5% of the number of Subscription Receipts issued. Each broker warrant shall, subject to completion of the Arrangement, entitle the holder thereof to acquire, at any time for a period of two-years from the closing date, one Crown Life Unit at a price of \$0.38 per Crown Life Unit. Pursuant to the Arrangement, each broker warrant issued pursuant to the Offering will be exchanged for one broker warrant of Crestwell.

Additional Information Regarding the Arrangement

As additional information regarding the Arrangement becomes available, Crestwell will issue subsequent press releases including additional information regarding the proposed Arrangement.

About Crown Life Canada Ltd.

Crown Life is a Canadian private Ontario company with its head office in Mississauga, Ontario and is in the business of purchasing and holding senior life settlements until maturity. Crown Life acquires life insurance policies at a discount to face value from persons who no longer need or want their life insurance policy. Crown Life is focused solely on the U.S. senior life settlement market and has a portfolio of approximately US\$100 million in face value of life insurance policies.

For further information please contact:

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THE CANADIAN SECURITIES EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THE CONTENT OF THIS NEWS RELEASE.

Cautionary Note Regarding Forward-looking Statements

This news release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes.

In particular, this news release contains forward-looking statements relating to, among other things, the completion of the Arrangement, the completion of the Offering, the ability of the Crestwell and Crown Life to complete the pre-closing obligations set out in the Arrangement Agreement and the proposed board of directors and executive officers of the resulting issuer. Management of Crestwell believes the expectations reflected in such forward-looking statements are reasonable as of the date hereof but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Various material factors and assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements. Those material factors and assumptions are based on information currently available to Crestwell, including information obtained from third party industry analysts and other third party sources.

Forward-looking statements are subject to both known and unknown risks, uncertainties and other factors, many of which are beyond the control of Crestwell and Crown Life, that may cause the actual results, level of activity, performance or achievements of Crestwell and Crown Life to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: general business, economic, competitive, political and social uncertainties; negotiation uncertainties and other risks of the insurance industry. Although Crestwell and Crown Life have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties, some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Crestwell and Crown Life's actual performance and results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Any forward-looking statements are made as of the date hereof and, except as required by law, neither Crestwell nor Crown Life assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise.

Completion of the Arrangement is subject to a number of conditions, including Canadian Securities Exchange acceptance. Additionally, the Arrangement cannot close until the required shareholder approvals are obtained. There can be no assurance that the Arrangement will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the joint management information circular of Crestwell and Crown Life to be prepared in connection with the transaction, any information released or received with respect to the Arrangement may not be accurate or complete and should not be relied upon. Trading in the securities of Crestwell should be considered highly speculative.