

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company:

Desmarais Energy Corporation ("**Desmarais**" or the "**Corporation**")
510, 640 8th Avenue S.W.
Calgary, Alberta T2P 1G7

2. Date of Material Change:

December 8, 2011 and December 9, 2011

3. News Release:

A news release was issued on December 12, 2011 by, or on behalf of, Desmarais and disseminated through Marketwire.

4. Summary of Material Change:

Desmarais announced that the unsecured creditors of Desmarais (the "**Affected Creditors**") have approved Desmarais' previously announced proposal (the "**Proposal**") under the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") to restructure its debts, which approval was secured at a meeting of unsecured creditors held on December 8, 2011. In addition, the Court of Queen's Bench of the Province of Alberta approved the Proposal on December 9, 2011.

5. Full Description of Material Change:

Desmarais announced that Affected Creditors have approved Desmarais' previously announced Proposal under the BIA to restructure its debts, which approval was secured at a meeting of unsecured creditors held on December 8, 2011. In addition, the Court of Queen's Bench of the Province of Alberta approved the Proposal on December 9, 2011.

Pursuant to the Proposal, approximately \$2,072,920 of unsecured debt of Desmarais (the "**Settled Debt**") will be satisfied by way of issuance of common shares of the Corporation (the "**Common Shares**") at a deemed issue price of \$0.08 per share. Approximately \$407,000 of the Settled Debt represents claims that were assigned to arm's length third parties under the Proposal for total cash proceeds of \$40,000 and then satisfied under the Proposal by way of issuance of Common Shares to such arm's length third parties. A total of approximately 25,911,500 Common Shares are expected to be issued by Desmarais under the Proposal in satisfaction of the Settled Debt.

The Settled Debt includes the settlement of the amount of approximately \$616,000 owing to the Corporation's secured creditor, 323 Holdings Ltd. ("**323**"), being a corporation controlled by Mr. Doug Robinson, a director of the Corporation. This settlement reduces the aggregate secured debt owing by Desmarais to 323 to approximately \$2,000,000.

All payments of consideration under the Proposal, including the issuance of Common Shares, are subject to the withholding, and payment by Desmarais, of a 5% statutory levy payable to the Office of the Superintendent of Bankruptcy.

Pursuant to the Proposal, creditors of Desmarais who have had some or all of their claims against Desmarais disallowed, in whole or in part, have a period of 15 days from December 9, 2011

during which they may dispute any such disallowance. If, after resolving any such disputed claims, the Corporation is indebted to the holders of such claims, the Corporation expects to issue additional Common Shares under the Proposal at a deemed issue price of \$0.08 per share, to settle such claims. Accordingly, the Corporation expects to issue all Common Shares under the Proposal, including the Common Shares issuable in satisfaction of the Settled Debt, subsequent to the expiry of such 15 day period, expected to be on or about the first week of January 2012.

Additionally, the Corporation announced that Mr. Long has agreed to resign as President and Chief Executive Officer of the Corporation effective December 31, 2011. All amounts currently owing by the Corporation to Mr. Long in respect of his employment with Desmarais, in the amount of \$100,000, have been settled in the Proposal. Mr. Long is expected to continue to serve as a director of the Corporation subsequent to his resignation as an officer. Mr. Doug Robinson, the current Chairman of the Corporation, will assume the position of President and Chief Executive Officer on an interim basis at such time.

The issuance of the Common Shares and other matters subject to the Proposal remains subject to certain regulatory approvals, including the approval of the TSXV.

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

N/A

7. Omitted Information:

N/A

8. Executive Officer:

For further information, please contact:

James G. Long, President
Desmarais Energy Corporation
Tel: (403) 265-8007 / Fax: (403) 264-7076

9. Date of Report:

December 19, 2011