

FORM 51-102F3
Material Change Report

Item 1 Name and Address of Company

Loon Energy Corporation (“**Loon**” or the “**Issuer**”)
Suite 1170, 700 – 4th Avenue S.W.
Calgary, Alberta T2P 3J4

Item 2 Date of Material Change

February 21, 2012

Item 3 News Release

Loon issued a press release on February 21, 2012, which was disseminated through the facilities of Marketwire and subsequently filed on SEDAR.

Item 4 Summary of Material Change

On February 21, 2012, the Issuer filed articles of amendment to effect a consolidation of common shares on the basis of ten (10) pre-consolidation common shares for one (1) post-consolidation common share.

Item 5 Full Description of Material Change

On February 21, 2012, the Issuer filed articles of amendment to effect a consolidation of common shares on the basis of ten (10) pre-consolidation common shares for one (1) post-consolidation common share.

The Consolidation was approved at a special meeting of shareholders held on February 7, 2012, on the basis of up to ten (10) pre-Consolidation common shares for one (1) post-Consolidation common share, with the final Consolidation ratio to be determined at the discretion of the board of directors. A total of 63,098,498 common shares of the Corporation, representing 63.42% of the issued and outstanding common shares of the Corporation, were voted at the special meeting, with 99.77% voting in favour of the Consolidation. At a directors’ meeting held on February 13, 2012, the board of directors of Loon resolved to consolidate the common shares of Loon on the basis of ten (10) pre-Consolidation common shares for one (1) post-Consolidation common share.

Based on discussions with the TSX Venture Exchange (“**TSX-V**”), the Corporation expects that the pre-Consolidation common shares of the Corporation will be delisted and the post-Consolidation common shares will commence trading on or about February 22, 2012. The Corporation’s trading symbol, LNE, will remain unchanged.

Letters of transmittal will be sent to registered shareholders to facilitate distribution of the post-Consolidation common shares. Registered shareholders will be asked to complete the letter of transmittal and return it to Computershare Investor Services Inc. along with their share certificates representing the pre-Consolidation common shares.

Reasons for the Consolidation

The development of oil production from the Corporation's assets in Colombia did not proceed in 2011 and the Corporation now has insufficient cash resources for development of its current assets or to pursue alternative investment opportunities. The Corporation intends to seek additional oil and gas opportunities either in Colombia or elsewhere and plans a private placement for gross proceeds of up to \$1 million (the "**Private Placement**") during the first quarter of 2012 to provide the funds to support this effort. The policies of the TSX-V require, among other things, that any private placement of listed securities be at a minimum price of \$0.05 per share and the Consolidation will enable the Corporation to complete the Private Placement in compliance with TSX-V policies.

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

Not applicable

Item 7 Omitted Information

Not applicable

Item 8 Executive Officer

The executive officer of Loon who is knowledgeable about this material change and this report is Norman Holton, President and Chief Executive Officer of the Issuer.

Phone: (403) 264-8877

Item 9 Date of Report

February 21, 2012

Cautionary Note Regarding Forward-Looking Information

This material change report may contain forward-looking statements relating to the activities of Loon, including its intention to seek additional oil and gas opportunities in Colombia or elsewhere, plans for the completion of the Private Placement, the timing of the de-listing of the pre-Consolidation common shares and the listing of the post-Consolidation common shares, the mailing of letters of transmittal to registered shareholders and the completion of the same by registered shareholders, and the exchange of share certificates, which may not be historical facts. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements may involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, among other things: the state of the economy in general and capital markets in particular, investor interest in the business and future prospects of Loon, the timely receipt of shareholder approvals and other required regulatory and exchange approvals, competition for, among other things, capital, acquisitions of reserves or undeveloped lands, skilled personnel, incorrect assessments of the value of acquisitions and exploration

and development programs and the failure to realize the anticipated benefits of acquisitions. Readers are cautioned that the foregoing lists of factors are not exhaustive.

The forward-looking statements contained in this material change report are made as of the date of this report. Except as required by law, Loon disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Additionally, Loon undertakes no obligation to comment on the expectations of, or statements made, by any third parties in respect of the matters discussed above.