

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

**1. Name and Address of Company**

Canoel International Energy Ltd. (the "**Company**" or "**Canoel**")  
Suite 97, 95, Wilton Road  
London, England SW1V 1BZ

**2. Date of Material Change**

September 12, 2014

**3. News Release**

A news release was issued by the Company on September 18, 2014 through TheNewswire

**4. Summary of Material Change**

Canoel announced that it has closed a private placement of convertible notes (the "**Replacement Notes**") pursuant to the terms of a replacement and conversion agreement (the "**Replacement and Conversion Agreement**") for aggregate gross proceeds of 1,080,000 Swiss Francs (approximately CDN\$1,283,472), and that it is expected that approximately 42% of the Replacement Notes will be converted into common shares of Canoel at a price of CDN\$0.215 per share.

**5. Full Description of Material Change**

Canoel announced that it has closed a private placement of the Replacement Notes for aggregate gross proceeds of 1,080,000 Swiss Francs (approximately CDN\$1,283,472) pursuant to the terms of the Replacement and Conversion Agreement. Pursuant to the Replacement and Conversion Agreement, the holders of the 9% unsecured convertible notes dated January 11, 2012 agreed to cancel their notes in exchange for the issuance by Canoel of the Replacement Notes. Each Replacement Note bears interest at a simple (uncompounded) rate of 9% per annum, payable in arrears in equal quarterly installments commencing 90 days after the Replacement Notes are issued. At the option of the holder of the Replacement Notes, the principal of a Replacement Note may be converted into common shares of Canoel at a price of CDN\$0.215 per share at any time prior to maturity.

Insiders of the Company were issued approximately 5.5% of the Replacement Notes. AS Tonsenhagen Forretningssentrum 2, a company controlled by director Eric Larre, was issued approximately 4.6% of the Replacement Notes and Andrea Cattaneo, the President and CEO, was issued approximately 0.9% of the Replacement Notes pursuant to their respective Replacement and Conversion Agreements. It is expected that these Insiders will be issued approximately 13% of the common shares to be issued pursuant

to the terms of their respective Replacement and Conversion Agreements upon conversion of their respective Replacement Notes.

Issuance of these securities will enable Canoel to extinguish approximately CAD\$540,000 principal amount of its outstanding Replacement Notes. This transaction is subject to the submission of final documentation and final approval of the TSX Venture Exchange.

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

This report is not being filed on a confidential basis.

**7. Omitted Information**

No information has been omitted from the Report on the basis that it is confidential information.

**8. Executive Officer**

For further information regarding this Material Change Report please contact:

Andrea Cattaneo  
Chief Executive Officer and President  
Telephone: (403) 938-8154

**9. Date of Report**

September 22, 2014