

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 – Name and Address of Company:

Middlefield Bancorp Limited
One First Canadian Place
58th Floor, P.O. Box 192
Toronto, Ontario
M5X 1A6

Item 2 - Date of Material Change:

October 19, 2011

Item 3 – News Release:

A news release disclosing the material change was issued and disseminated over Marketwire on October 19, 2011.

Item 4 – Summary of Material Change:

On October 19, 2011, Middlefield Bancorp Limited (“**MBN**”) announced that it had amalgamated with its wholly-owned subsidiary, 2M Energy Corp. (“**2M**”) and that MBN will become an investment fund governed by National Instrument 81-106 of the Canadian Securities Administrators (“**NI 81-106**”) on or about November 1, 2011.

Item 5 – Full Description of Material Change:

5.1 Full Description of Material Change

On October 19, 2011, MBN announced that it had amalgamated with its wholly-owned subsidiary, 2M, effective October 12, 2011. The amalgamation was implemented to reduce general and administrative costs. MBN is conducting a strategic review of its entire business in order to seek to further reduce costs and maximize shareholder value. As a first step towards further cost reduction, MBN will become an investment fund governed by NI 81-106 on or about November 1, 2011. Cost savings will result for several reasons, including MBN’s not having to adopt the international financial reporting standards (IFRS) accounting regime until such time as investment funds are required to do so. In addition, further cost savings will result from using Middlefield’s existing Independent Review Committee for conflict matters under National Instrument 81-107 in place of MBN’s current board of directors.

Becoming an investment fund is a natural evolution of MBN’s business, since MBN is currently primarily engaged in the business of investing in equity and equity-related

securities. This change is not expected to constrain the strategic alternatives under consideration for presentation to shareholders at the MBN's upcoming annual general meeting of shareholders.

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:

Not applicable.

Item 8 – Executive Officer:

For further information contact:

W. Garth Jestley
President and Chief Executive Officer
Middlefield Bancorp Limited
Tel: 416-847-5346

Item 9 – Date of Report:

October 21, 2011