FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Corporation:

CanAm Coal Corp. ("**CanAm**")
202, 1201 – 5th Street S.W.
Calgary, Alberta T2R 0Y6

Item 2. Date of Material Change:

May 17, 2014

Item 3. Press Release:

News release was issued by or on behalf of CanAm on May 17, 2014 through the services of Accesswire.

Item 4. Summary of Material Change:

Item 5. CanAm Enters Binding Agreements to Convert into Equity Outstanding Debentures that Mature in August 2016

Item 5.1. Full Description of Material Change:

CanAm Coal Corp. ("**CanAm**" or the "**Company**") is pleased to announce that it has entered into binding agreements (the "**Purchase Agreements**") with certain holders of its 9.5% unsecured non-convertible debentures, due August 7, 2016 (the "**2016 Debentures**"), to repurchase, at par, an aggregate amount of approximately $7.3 million of the 2016 Debentures. The Company has entered into the Purchase Agreements in relation to certain obligations of the Company to satisfy debt under its existing equipment financing agreement with its US banking partner.

On April 18, 2014, the Company, through its subsidiary Birmingham Coal & Coke Co, Inc., agreed with its US banking partner to amend its existing equipment financing agreement. The main changes were to increase the principal amount of the loan by US $3 million (with a term of 54 months) and to reset the amortization period for the outstanding amount of the original loan (US $13.2 million outstanding at April 2014) to 48 months. The blended interest rate on the facility is 4.04%. Included in the revised agreement is a covenant requiring the Company to use the proceeds of an issuance of common shares in the capital of the Company (the "**Common Shares**") to satisfy at least $6,500,000 of its 2016 Debentures, prior to July 31, 2014.

In order to complete the repurchase required by the covenant, the Company has entered into the Purchase Agreements with holders of approximately $7.3 million of the 2016 Debentures. The Purchase Agreements provide that CanAm will repurchase, at par, the 2016 Debentures. The purchase price will be paid through the issuance of Common Shares that will be issued at a price which is the greater of (a) the volume weighted average price of the Common Shares over the ten trading days immediately prior to the date of issuance of such shares; and (b) such market price as of such date as may be determined pursuant to the policies of the TSX Venture Exchange (the "**TSXV**").

Each of the holders of the 2016 Debentures who have entered into the Purchase Agreements are insiders of the Company and the completion of the transactions contemplated by the Purchase Agreements including the issuance of the Common Shares are subject to all necessary regulatory approvals and requirements, including the approval of the TSX Venture Exchange and compliance with TSXV Policy 5.9 with respect to related party transactions. Shareholder approval may be required. The anticipated closing date of the transactions contemplated by the Purchase Agreements is July 24, 2014.

The insiders of the Company who are party to the Purchase Agreements, the aggregate amount of 2016 Debentures held by such insiders and the number of Common Shares held by such insiders, is set forth below:

Insider	**Aggregate Amount of 2016 Debentures Held**	**Current Number of Common Shares Held**
Timothy Nakaska	$50,000	514,000
Steven Somerville	$150,000	960,000
Jonathan Legg	$200,000	4,088,571
Jos De Smedt	$100,000	4,682,893
Scott Bolton	$200,000	2,869,500
Timothy Bergen	$120,000	3,969,166
Robert Wayne Bass	$1,577,590	2,015,587
Robert Lewis	$2,466,205	6,123,544
Thomas Lewis	$2,466,205	6,123,544

Company President and CEO, Jos De Smedt commented: “This is an important component of our strategy to improve the Company’s financial position and we are extremely pleased that we now have binding commitments to convert 50%+ of the outstanding $13.1 million debenture debt that matures in August 2016.”

Item 5.2. Disclosure for Restructuring Transactions:

N/A

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

N/A

Item 7. Omitted Information:

N/A

Item 8. Executive Officer:

Jos De Smedt
Chief Executive Officer
Telephone: 403-262-3797

Item 9. Date of Report:

May 21, 2014

This material change report contains certain "forward-looking information and statements" within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "confident", "might" and similar expressions are intended to identify forward-looking information or statements. In particular, this material change report contains forward looking statements pertaining to: the terms of the Offering and the Units to be issued thereunder; the anticipated closing date of the Offering; the amount of proceeds from the Offering; and the use of the proceeds from the Offering. Various assumptions were used in drawing the conclusions contained in the forward-looking statements throughout this material change report.

The forward-looking information and statements included in this material change report are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements reflect management's current beliefs and assumptions, based on information currently available to management. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, many of which are beyond the control of the Company. Among the material factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: that the information is of a preliminary nature and may be subject to further adjustment; failure of the proposed Offering to proceed on the terms agreed to; failure to obtain the required approvals for the Offering; the failure to sell all Units offered pursuant to the Offering; failure to convert the required amount of debentures pursuant to the terms of the U.S. debt facility; as well as those factors discussed in or referred to under the heading "Risk and Uncertainties" in the Company's Management's Discussion & Analysis dated April 29, 2014 available at www.sedar.com. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements.

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking information and statements contained in this material change report speak only as of the date of this material change report, and the Company assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.