

WALDRON ENERGY CORPORATION

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Waldron Energy Corporation ("**Waldron**")
2410, 520 – 3rd Avenue SW
Calgary, Alberta
T2P 0R3

2. Date of Material Change

July 31, 2013

3. News Release

A joint news release disclosing the material change described below was issued by Waldron and Montana Exploration Corp. ("**Montana**") on July 31, 2013 and disseminated through the facilities of a recognized news service and would have been received by the securities commissions where the parties are reporting issuers in the normal course of its dissemination.

4. Summary of Material Change

Waldron and Montana entered into an arrangement agreement dated July 31, 2013 (the "**Arrangement Agreement**"), a copy of which has been filed on the SEDAR website at www.sedar.com under Waldron's profile, pursuant to which Montana agreed to acquire all of the issued and outstanding common shares ("**Waldron Shares**") of Waldron (the "**Arrangement**"). Under the terms of the Arrangement Agreement, holders of Waldron Shares ("**Waldron Shareholders**") will receive, at their election, for each Waldron Share held: (a) 1.8 common shares of Montana ("**Montana Shares**"); (b) \$0.45 cash; or (c) a combination of Montana Shares and cash, subject to potential proration (as described in the "Full Description of Material Change" section below).

Montana has entered into equity subscription agreements with ANG Partners, Ltd. ("**ANG**") and Blue Sky Exploration Limited ("**Blue Sky**"), to raise aggregate gross proceeds of \$25 million at a price of \$0.25 per Montana Share (the "**Arrangement Financing**"). The Arrangement Financing is conditional, among other things, on completion of all steps of the Arrangement, other than the payment of consideration.

The proceeds from the Arrangement Financing are expected to be used to fund the cash portion of the consideration for the Arrangement, reduce combined bank debt and fund a portion of Montana's future capital program.

Capitalized terms not otherwise defined in this report have the meanings ascribed to them in the Arrangement Agreement.

5. Full Description of Material Change

The Arrangement

The description of the Arrangement Agreement in this report does not purport to be complete and is qualified in its entirety by the full text of the Arrangement Agreement.

On July 31, 2013, Waldron and Montana entered into the Arrangement Agreement with respect to the acquisition by Montana of the Waldron Shares pursuant to a plan of arrangement to be implemented under the *Business Corporations Act* (Alberta) (the "**ABCA**"). The Arrangement Agreement provides that Waldron Shareholders will receive, at their election, for each Waldron Share held: (a) 1.8 Montana Shares; (b) \$0.45 cash; or (c) a combination of Montana Shares and cash, subject to potential proration (as described below).

The cash consideration payable pursuant to the Arrangement is subject to potential proration. Provided that the aggregate net indebtedness of Waldron, including transaction expenses in connection with the Arrangement, is less than or equal to \$35.5 million immediately prior to closing of the Arrangement, Waldron Shareholders who elect cash consideration will receive cash for 100% of their Waldron Shares. To the extent the aggregate Waldron indebtedness, including transaction expenses, exceeds \$35.5 million immediately prior to closing of the Arrangement, the aggregate cash consideration available for election by the Waldron Shareholders will be reduced on a one for one basis for each dollar in excess of \$35.5 million and, if the amount exceeds \$36.5 million, on a two for one basis for each dollar in excess of \$35.5 million; to the extent Waldron Shareholders elect to receive more cash than available, the cash consideration will be subject to proration.

As Waldron does not know the extent to which the Waldron Shareholders may elect to receive Montana Shares, if at all, it is not possible at this time to provide, with any certainty, the number of Montana Shares that the former Waldron Shareholders will hold following the Arrangement.

Interim Order and Calling of Montana and Waldron Meetings

The Arrangement Agreement provides that the Arrangement will be effected under the ABCA. In the Arrangement Agreement, Waldron has agreed to make an application for an interim order (the "**Interim Order**") of the Court of Queen's Bench of Alberta on or prior to September 13, 2013. The Interim Order is expected to contain declarations and directions with respect to the Arrangement and the calling and conduct of a special meeting of Waldron Securityholders (the "**Waldron Meeting**") at which Waldron Securityholders will be asked to consider and, if thought fit, approve a special resolution respecting the Arrangement (the "**Arrangement Resolution**"). Montana has agreed to call an annual general and special meeting of Montana Shareholders (the "**Montana Meeting**") at which the Montana Shareholders will be asked to consider and, if thought fit, approve ordinary resolutions approving; (i) the issuance of Montana Shares pursuant to the Arrangement Financing; and (ii) the Arrangement (together, the "**Montana Resolutions**"). The Montana Shares held by ANG, Blue Sky or their related parties will be excluded from the Montana Shareholder vote approving the Arrangement Financing. The Arrangement Agreement provides that the effective date for the Arrangement will

occur on or prior to November 1, 2013 and that Waldron and Montana will use their reasonable commercial efforts to complete the Arrangement on or before September 30, 2013 (subject to the satisfaction or waiver of applicable conditions, including receipt of all necessary third party consents and required regulatory and shareholder approvals).

Approvals

The Arrangement Agreement provides that receipt of all required regulatory approvals, including, without limitation, conditional approval of the TSX Venture Exchange (the "TSXV") of the listing of Montana Shares to be issued pursuant to the Arrangement and the Arrangement Financing, is a condition precedent to the Arrangement becoming effective. Subject to the terms of the Interim Order, it is expected that the Arrangement Resolution will require approval, among others, by at least two-thirds of the votes cast by Waldron Securityholders present in person or by proxy at the Waldron Meeting in order to become effective. The Arrangement is also subject to obtaining the approval of a majority of the votes cast by the holders of Montana Shares at the Montana Meeting of the Montana Resolutions (as described in the "Interim Order and Calling of Montana and Waldron Meetings" section above). **In the event that the requisite approvals of the Waldron Securityholders and the Montana Shareholders are not received, the Arrangement will not proceed.**

Representations, Warranties and Covenants of Montana and Waldron

Waldron and Montana have each made customary representations, warranties and covenants in the Arrangement Agreement, including, among others, covenants to conduct their businesses in the ordinary course between the execution of the Arrangement Agreement and the completion of the Arrangement and covenants not to engage in certain kinds of transactions during that period.

Conditions to Obligations of Montana and Waldron

Completion of the Arrangement is subject to customary conditions including, among others: (i) approval of the Arrangement by the Waldron Securityholders, (ii) approval of the Arrangement Financing and the Arrangement by Montana Shareholders, (iii) the approval of the TSXV for the listing of the Montana Shares to be issued under the Arrangement and the Arrangement Financing, (iv) the completion of the Arrangement Financing; and (v) the absence of any material adverse effect with respect to Waldron's and Montana's businesses, as applicable.

Board Recommendations

The board of directors of Waldron has unanimously approved the Arrangement and, based in part on the verbal fairness opinion from National Bank Financial Inc. (as discussed below), unanimously determined that the Arrangement is fair, from a financial point of view to Waldron Shareholders and in the best interests of Waldron. Each of the directors and officers of Waldron, holding in aggregate approximately 17% of the issued and outstanding Waldron Shares (on a non-diluted basis), has agreed to vote their Waldron Shares and Waldron Convertible Securities in favour of the Arrangement at the Waldron Meeting.

The board of directors of Montana has unanimously approved the Arrangement and unanimously determined that the Arrangement is in the best interests of Montana. Each of the directors (or their holding company through which they hold Montana Shares), officers and controlling shareholders of Montana, holding in aggregate approximately 70% of the issued and outstanding Montana Shares (on a non-diluted basis), has agreed to vote their Montana Shares in favour of the resolutions to be considered by the Montana Shareholders at the Montana Meeting.

Non-Solicitation/Termination Fee

Under the terms of the Arrangement Agreement, each of Waldron and Montana shall not solicit or initiate any inquiries or discussions regarding any other business combination or sale of assets, or where the consummation of such transaction would reasonably be expected to interfere with the Arrangement, subject to the fiduciary duty of the Waldron or Montana board of directors, as the case may be, in the event that an unsolicited superior proposal is received by either Waldron or Montana. Both Waldron and Montana have agreed to pay a non-completion fee of \$1.2 million to the other party in certain circumstances as set forth in the Arrangement Agreement.

Financial Advisors

National Bank Financial Inc. acted as financial advisor to Waldron with respect of the Arrangement and has provided the board of directors of Waldron with the verbal opinion that, as of the date hereof and subject to its review of the final form of the documentation effecting the Arrangement, the consideration to be received by Waldron Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Waldron Shareholders.

Cornerstone Capital Partners LP acted as advisors with respect to the Arrangement Financing and Macquarie Capital Markets Canada Ltd. and Cornerstone Capital Partners LP acted as financial advisors to Montana with respect to the Arrangement.

The Arrangement Financing

Montana has entered into equity subscription agreements with ANG and Blue Sky, to raise aggregate gross proceeds of \$25 million at a price of \$0.25 per Montana Share. The Arrangement Financing is conditional on completion of all steps of the Arrangement other than the payment of consideration.

The proceeds from the Arrangement Financing will be used to fund the cash portion of the consideration for the Arrangement, reduce combined bank debt and fund a portion of Montana's future capital program.

Mr. James Collins, a director and controlling shareholder of Montana, is the principal shareholder of ANG and Mr. Julian McIntyre, a director of Montana, is the ultimate indirect shareholder of Blue Sky.

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

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

Ernie Sapiha, President and Chief Executive Officer of Waldron Energy Corporation, is knowledgeable about the material change and may be reached by telephone at (403) 532-6700 or email at esapiha@waldronenergy.ca.

9. Date of Report

August 9, 2013