

SECURITIES ACT

MATERIAL CHANGE REPORT

Item 1 Name and address of Company

Halio Energy Inc.
2300-1177 West Hastings Street
Vancouver BC V6E 2K3

Item 2 Date of Material Change

December 11, 2017

Item 3 Press Release

News Release, dated December 11, 2017, disseminated via Market News under section 7.1 of National Instrument 51-102

Item 4 Summary of Material Change

See attached copy of the December 11, 2017 news release.

Item 5 Full Description of Material Change

See attached copy of the December 11, 2017 news release.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Senior Officers

Charles Ross, CFO of the Issuer, is knowledgeable about the material change and this report. His business telephone number is (604) 638-5817

Item 9 Date of Report

December 11, 2017

“Charles E. Ross”
Director

*NOT FOR DISTRIBUTION TO US NEWSWIRE SERVICES OR FOR DISSEMINATION
IN THE UNITED STATES*

Corporate Update

December 11, 2017 – On December 8, 2017, Halio Energy Inc. (“Halio” or the “Company”) (TSXV – HOIL) received a notice from Trendwell West Inc (“Trendwell” or “Farmors”) in which Trendwell asserts that the Company is in breach of its existing farmout agreement with Trendwell on the grounds that the Company has failed to timely discharge certain financial obligations relating to lease maintenance payments made by Farmors. The notice of breach requests a payment of \$6,964.55. Should Halio fail to satisfactorily cure this breach or otherwise resolve Trendwell’s concerns, the remedies available to the Farmors under the farmout agreement include the right to terminate the agreement

The Company continues to work diligently with financiers to secure the funding to cure this breach and to secure sufficient funds to discharge its other financial obligations under the farmout agreement.

On December 8, 2017, Joseph Casabona resigned his positions of Chairman of the Board of Directors, Director, President and CEO of Company for health reasons. He has advised the board the he will continue to be available to assist the Company to facilitate its development. The Board wants to extend our sincere gratitude to Mr. Casabona for his guidance and support and for his willingness to continue to be of assistance in the future development of the Company.

Miodrag Andric, a Director of the Company, will replace Joseph Casabona as the interim President and CEO. The Company’s shares were halted on December 4, 2017 for failure to file its audit financials on time. Management is endeavouring to file it financials so that it can so that it can resume trading.

The Company continues to evaluate other projects to maximize shareholder value.

ABOUT HALIO ENERGY:

Halio Energy Inc. (TSX-V: HOIL) plans to invest in North and South American-based oil and gas upstream and producing properties, and intends to procure direct working interests on a non-operated basis as well as limited partnership, joint venture, and MLP interests. Our proposed acquire-and-exploit strategy is focused on properties that show significant opportunities for future scalability, growth and consolidation, targeting assets that provide long-life, high-quality production with relatively predictable decline curves, as well as low-risk development opportunities.

ON BEHALF OF THE BOARD OF DIRECTORS OF HALIO ENERGY INC.

Per: Charles Ross, CFO, Director

For further information, please contact:

Halio Energy Inc.

Telephone: 604-638-5817

This press release contains forward-looking information that involve various risks and uncertainties regarding future events. Such forward-looking information can include without limitation statements based on current expectations involving a number of risks and uncertainties and are not guarantees of future performance of the Company, such as statements that the Company intends to: (i) negotiate and enter into the Definitive Agreement; (ii) invest in conventional and unconventional oil and gas upstream and producing properties; and (iii) procure direct working interests on a non-operated basis as well as limited partnership, joint venture and MLP interests. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information, including: (i) adverse market conditions; (ii) risks inherent in the oil and gas industry in general; (iii) the inability of the Company to finance its growth; or (iv) the inability to identify and acquire suitable property interests. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Except as required by law, the Company does not intend to update these forward-looking statements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.