

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Powder Mountain Energy Ltd. (“**Powder Mountain**” or the “**Corporation**”)
Suite 300, 600 - 6th Avenue SW
Calgary, AB T2P 0S5

Item 2. Date of Material Change

June 16, 2014

Item 3. News Release

A press release reporting the material change was issued by the Corporation at Calgary, Alberta through the services of Filing Services Canada on June 17, 2014.

Item 4. Summary of Material Change

The previously announced combination of Passport Energy Ltd. (“Passport”) (PPO: TSX-V) and Amarok Energy Inc. (“Amarok”) (AMR: TSX-V) by way of a three cornered amalgamation proceeding under a plan of arrangement (the “Arrangement”) under section 193 of the *Business Corporations Act* (Alberta) to form Powder Mountain pursuant to an amended and restated arrangement agreement (the “Arrangement Agreement”) dated effective May 14, 2014 among Passport, Amarok and 1815766 Alberta Inc. has completed effective June 16, 2014.

Immediately prior to effecting the Arrangement, Passport consolidated its common shares on a six (6) for one (1) basis and closed its private placement offerings of \$13,000,000 of post-Consolidation common shares of Passport at a price of \$0.18 per share (the “Share Offering”) and \$9,581,240 of subscription receipts of Passport at a price of \$0.18 per subscription receipt (the “Subscription Receipt Offering”), for aggregate gross proceeds of approximately \$22,581,240. The Subscription Receipts were exchanged for post-Consolidation common shares of Passport immediately prior to effecting the Arrangement and along with the post-Consolidation common shares issued under the Share Offering were made subject to the Arrangement.

Immediately following closing of the Arrangement, Amarok consolidated its common shares on a five (5) for one (1) basis and changed its name to Powder Mountain Energy Ltd.

As a result of the Share Offering and the closing of the Arrangement, 32 Degrees Diversified Energy Fund II (Canadian) L.P. and 32 Degrees

Diversified Energy Fund II (US) LP collectively own approximately 14,444,443 common shares (30.4%) of Powder Mountain and is considered to be a “control person” (as such term is defined in the TSX Venture Exchange policies) of Powder Mountain.

It is anticipated that the common shares of Passport will be delisted from the TSX Venture Exchange at the close of trading on or about Thursday, June 19, 2014. It is anticipated that the Powder Mountain shares resulting from the Arrangement will be trading on or about Thursday, June 19, 2014.

Item 5. Full Description of Material Change

See the attached Press Release.

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

The name and business telephone number of the executive officer of Powder Mountain who is knowledgeable of the material change and this report is:

Bruce Murray, President & CEO, Telephone: (403) 930-4061

Item 9. Date of Report

June 19, 2014



PASSPORT ENERGY LTD. AND AMAROK ENERGY INC. COMBINE TO FORM POWDER MOUNTAIN ENERGY LTD.

CALGARY, June 16, 2014 – Powder Mountain Energy Ltd. (“**Powder Mountain**”) is pleased to announce that the previously announced combination of Passport Energy Ltd. (“**Passport**”) (PPO: TSX-V) and Amarok Energy Inc. (“**Amarok**”) (AMR: TSX-V) by way of a three cornered amalgamation proceeding under a plan of arrangement (the “**Arrangement**”) under section 193 of the *Business Corporations Act* (Alberta) to form Powder Mountain pursuant to an amended and restated arrangement agreement (the “**Arrangement Agreement**”) dated effective May 14, 2014 among Passport, Amarok and 1815766 Alberta Inc. has been completed effective June 16, 2014.

Immediately prior to effecting the Arrangement, Passport consolidated its common shares on a six (6) for one (1) basis and closed its private placement offerings of \$13,000,000 of post-Consolidation common shares of Passport at a price of \$0.18 per share (the “**Share Offering**”) and \$9,581,240 of subscription receipts of Passport at a price of \$0.18 per subscription receipt (the “**Subscription Receipt Offering**”), for aggregate gross proceeds of approximately \$22,581,240. The Subscription Receipts were exchanged for post-Consolidation common shares of Passport immediately prior to effecting the Arrangement and along with the post-Consolidation common shares issued under the Share Offering were made subject to the Arrangement.

Immediately following closing of the Arrangement, Amarok consolidated its common shares on a five (5) for one (1) basis and changed its name to Powder Mountain Energy Ltd.

As a result of the Share Offering and the closing of the Arrangement, 32 Degrees Diversified Energy Fund II (Canadian) L.P. and 32 Degrees Diversified Energy Fund II (US) LP collectively own approximately 14,444,443 common shares (30.4%) of Powder Mountain and is considered to be a “control person” (as such term is defined in the TSX Venture Exchange policies) of Powder Mountain.

The board of directors of Powder Mountain is comprised of Messrs. Massimo Geremia, Bruce Murray, Gregg Smith, Larry Evans, Mitch Putnam, Trent Baker and Samuel Ingram. Mr. Mitch Putnam has been appointed as Chairman of the Board. The officers of Powder Mountain are Mr. Bruce Murray, President and Chief Executive Officer and Mr. Daniel Tiberio, Chief Operating Officer. In addition, Powder Mountain is pleased to announce that Mr. John Newman, the former Chief Financial Officer of Amarok, has been appointed the Chief Financial Officer of Powder Mountain. Mr. George Tai, a partner of Carscallen LLP, has been appointed the Corporate Secretary of Powder Mountain.

It is anticipated that the common shares of Passport will be delisted from the TSX Venture Exchange at the close of trading on or about Thursday, June 19, 2014. It is anticipated that the Powder Mountain shares resulting from the Arrangement will be trading on or about Thursday, June 19, 2014.

General

The TSX Venture Exchange has in no way passed upon the merits of the Arrangement and has neither approved nor disapproved the contents of this press release.

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

Certain statements contained in this news release constitute forward-looking statements. These statements relate to future events. All statements other than statements of historical fact are forward-looking statements. The use of the words “may”, “expected”, “believes” and other words of a similar nature are intended to identify forward-looking statements. These 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 statements. Although Powder Mountain believes these statements to be reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. Such statements include statements regarding the date of delisting of the common shares of Passport and the listing of the Powder Mountain Shares. Actual results could differ materially from those anticipated in these forward-looking statements as a result of receipt of requisite regulatory approvals, and other factors, many of which are beyond the control of Powder Mountain. There is no assurance that the delisting and listing of the Passport common shares and Powder Mountain common shares respectively will be undertaken or met in a timely manner. The forward-looking statements contained in this news release represent Powder Mountain’s expectations as of the date hereof, and are subject to change after such date. Powder Mountain disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable securities regulations.

For further information contact:

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