

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

The full name and address of the principal office of the Company in Canada are:

MONARCH ENERGY LIMITED
Suite 404, 999 Canada Place
Vancouver, BC V6C 3E2

Item 2. Date of Material Change

January 6, 2011

Item 3. News Release

A News Release issued under section 7.1 of National Instrument 51-102 announcing the material change described below was disseminated through Stockwatch and Market News on January 6, 2011. The News Release was filed with SEDAR on January 6, 2011.

Item 4. Summary of Material Change

Monarch Energy Limited signs Letter of Intent for mineral property acquisition.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

Monarch Energy Limited ((the “Company” or “Monarch”) is pleased to announce that the Company has entered into a Letter of Intent with Tectonics Inc., of Calgary, Alberta, for the acquisition of an interest in mineral properties located on and offshore Long Point, on the Port au Port Peninsula, Newfoundland and Labrador.

Acquisition

Monarch will purchase a 60% working interest (subject to a 2% NSR) in Mineral License 016508M, comprising 68 claims (approx. 1700 hectares, 4352 acres); Mineral License 018019M, comprising 121 claims (approx. 3025 hectares, 7744 acres); Mineral License 018035M, comprising 121 claims (approx. 3025 hectares, 7744 acres); and Mineral License 018387M comprising 3 claims (approx. 75 hectares, 290 acres) (collectively, the “licensed area”). Monarch will agree to enter into a joint venture with the holder of the remaining 40% interest for the exploration, development and exploitation of the licensed area. The consideration payable by Monarch will be the issuance to Tectonics or its assigns of 39,450,000 shares, following a 1.75:1 consolidation, at a deemed price of \$0.05 per share.

Approvals

The acquisition and related matters will be subject to approval by the TSX Venture Exchange. The acquisition will be a Related Party transaction, as the principal of Tectonics is George S. Langdon, who is the President and a director of Monarch. Accordingly the acquisition will also be subject to approval by the disinterested shareholders of Monarch.

Focus of Exploration

The focus of the mineral exploration on the licensed area is a feature known as the “Odd Twins Magnetic Anomaly”. This feature has been identified on magnetic surveys, covers a license area of 19840 acres and includes two prospective sandstone units with a gross thickness of up to 506 meters. The possibility of low cost energy from the production of oil and gas in west Newfoundland raises the potential of commercial extraction of iron, titanium and chromium oxides. Preliminary estimates from limited outcrop indicate a concentration of heavy metals (magnetite, ilmenite and chromite) at approximately 5% of the total rock.

Geological Setting and Heavy Mineral Potential

The upper Ordovician Long Point Group lies stratigraphically and structurally above both the upper Cambrian to middle Ordovician carbonate platform rocks, and their deepwater equivalents, the Cow Head Group/Green Point Formation petroliferous shales of the Humber Arm Allochthon, on the northern Port au Port Peninsula. As such, the Long Point Group includes clastic sediments derived from uplift of crystalline massifs lying to the east of the ancient Port au Port area at the end of the middle Ordovician Taconian Orogeny, and therefore represents the initiation of a foreland basin at this time. These massifs contained suites of heavy minerals which were eroded, transported westward, and deposited and distributed along a shoreline along the ancestral west coast of Newfoundland. Such bodies of sands with concentrations of heavy minerals are commonly found along shorelines in the modern environment (“black sands”). When they are found within lithified rock units they are known as “paleoplacers” and often bear significant quantities of heavy minerals, concentrated in the sandstone by the action of ancient winds, currents and tides, generally along shorelines, and within deltas and rivers. Such units have been identified in the upper part of the Long Point Group, which outcrops on Long Point, north of the village of Lourdes, and has been documented by Waldron *et al.* (2002, Can. Jour. Earth Sciences, p.1675). Modelling of the geophysical data and field observation suggest the gross thickness of the unit ranges from 294 to 506 metres, with a net magnetic sandstone thickness of 134 metres.

Petrography of the sandstones from Long Point shows the occurrence of three principal detrital heavy minerals: magnetite, ilmenite, and chromite, which are interpreted to have had their provenance principally in rocks of the Bay of Islands Ophiolite Complex. A preliminary estimate of the concentration of these three minerals from the very limited outcrop is placed at around 5% of the total rock. Other opaque minerals occur in the rock and have not yet been investigated for their economic potential.

Structural Attitude of the Long Point Group

The Long Point Group lies within the foreland basin succession above and west of the east-verging roof thrust of the “triangle zone” which encloses the deformed sediments of the Humber Arm Allochthon, including oil-bearing units of the Green Point Formation. As such, the group is a relatively undeformed unit which dips uniformly north-westward about 34 degrees, for about 4 km offshore, where it is seen to flatten to horizontal on offshore seismic profiles at a depth of about 1200 metres.

Magnetic Signature of the Paleoplacers

Two magnetic linear traces seen on magnetic surveys from the offshore north of the Port au Port Peninsula come onshore near Misty Point and continue into the paleoplacer units onshore. This feature was originally termed the “Odd Twins Magnetic Anomaly” by Ruffman and Woodside (Can. J. Earth Sci., 1970, p. 326). Tectonics Inc. has completed a hand-held magnetometer survey in three traverses across the strike of the beds and these data will be used to site the locations of drilling. The magnetite in the sandstones, therefore, may not only have economic value in its own right, but acts as a tracer mineral for the other minerals in the paleoplacer units.

Work Program

A 2010 work program conducted by Canadian Imperial Venture Corp. (CIVC) included the drilling of three core holes with orientations both normal and parallel to the dip of the sandstone units. The former will help establish the attitude and thickness of the units, while the latter will explore lateral changes in facies, and therefore, clast and heavy mineral composition, in a direction perpendicular to the ancient shoreline, which in general shows the most rapid facies transitions. Currently, an evaluation is underway which will consist of core examination, petrographic studies, field sampling and possibly trenching for bulk sample separation analysis, and other germane studies, directed toward an early assessment of potential commerciality. The results of this evaluation are expected to be released in February 2011.

The cost of the initial work program (\$200,000) was paid 100% by CIVC to earn a 40% interest in ML 016508M and ML 018387M. CIVC has the option to earn a 40% stake in ML 018019M and 018035M by issuing 5 million shares per licence and spending \$200,000 per licence.

Economic Climate for Strategic Metals

Recently there has been a worldwide thrust to accumulate strategic metals, and indeed commodities in general, by emerging, particularly Asian, economies. Iron, titanium and chromium in particular have participated in dramatic price run-up in the last several years.

Technical Report

Monarch has undertaken to pay the cost of obtaining an NI 43-101 compliant Technical Report.

Dr. Ulrich Kretschmar PhD., P.Ge (APGO #1160) is the qualified person and has approved the wording of the technical descriptions in the news release on which this Report is based.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

This Report is not being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102.

Item 7. Omitted Information

No information has been omitted from this Report on the basis that the Company believes that such information should remain confidential.

Item 8. Executive Officer

The name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and this Report is:

Michael Turko
Telephone: 604 641 1379

Item 9 Date of Report

DATED January 7, 2011.

MONARCH ENERGY LIMITED