

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1 — Name and Address of Company

Adira Energy Ltd. (the “**Company**”)
120 Adelaide Street West
Suite 1204
Toronto, ON
M5H 1T1

ITEM 2 — Date of Material Change

January 31, 2013

ITEM 3 — News Release

A news release was disseminated on January 31, 2013 through CNW Group Ltd.

ITEM 4 — Summary of Material Change

The Company’s subsidiary, Adira Energy Israel Ltd., has not placed its share of the cash collateral set out under the letter agreement (the “**Agreement**”) between the Company, Modi’in Energy L.P. (“**Modi’in**”) and Brownstone Energy Inc. (“**Brownstone**”), due to material breaches of the Agreement by Modi’in.

ITEM 5 — Full Description of Material Change

As previously announced on December 24, 2012, the Company entered into the Agreement with Modi’in and Brownstone setting out, among other terms and conditions, the collateral required to place a Letter of Credit in favor of the rig contractor. The Company’s subsidiary, Adira Energy Israel Ltd., has not placed its share of the cash collateral, due to material breaches of the Agreement by Modi’in.

ITEM 6 — Reliance on Section 7.1(2) of National Instrument 51-102

N/A

ITEM 7 — Omitted Information

N/A

ITEM 8 — Executive Officer

For further information, please contact:

Alan Friedman, Executive Vice-President Corporate Development

(416) 250-1955

ITEM 9 — Date of Report

February 8, 2013