

**EARLY WARNING REPORT FILED PURSUANT TO
NATIONAL INSTRUMENT 62-103**

1. **Name and address of the offeror:**

BRM Group Ltd. (the “**Offeror**”)
Ackerstein Towers, Building B
11 Hamenofim Street
Herzliya Pituach 46725
Israel

2. **Designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:**

On November 23, 2010, Adira Energy Ltd. (the “**Company**”) announced the completion its previously announced (see press releases dated October 29, 2010 and August 6, 2010) private placement (the “**Private Placement**”) of US\$11,000,000 (the “**Gross Proceeds**”) in the placement of 27,500,000 subscription receipts (each a “**Subscription Receipt**”) at US\$0.40 per Subscription Receipt. On December 1, 2010 the conditions for the automatic exercise of each Subscription Receipt were fulfilled, following which the Subscription Receipts were automatically converted in accordance with the terms and conditions thereof into one common share in the capital of the Company (“**Common Share**”) and one half of one Common Share purchase warrant (“**Warrant**”). Each whole Warrant will be exercisable for a term of 3 years from the date of issuance at an exercise price of US\$0.55.

The Offeror participated in the Private Placement with a lead order of US\$4,000,000. As a result of the Offeror’s lead order, the Offeror indirectly acquired ownership and control of 10,000,000 common shares in the capital of the Company (the “**Adira Shares**”), representing, based on the information provided by the Company, 11.1% of the issued and outstanding Adira Shares and 5,661,050 Warrants.

The Offeror’s securityholdings were disclosed in a press release issued by the Offeror on December 2, 2010.

The Offeror is filing this early warning report (the “**Report**”) to update its previous Report filed on December 3, 2010, in which the amount of Warrants was listed as 5,000,000. The Offeror would like to disclose an additional 661,050 Warrants of which it indirectly acquired ownership and control.

3. **Designation and number or principal amount of securities and the offeror’s securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligation to file the news release:**

Upon completion of the Private Placement the Offeror indirectly acquired ownership and control of 10,000,000 Adira Shares, representing, based on the information provided by

the Company, 11.1% of the issued and outstanding Adira Shares and 41.2% of the Warrants.

4. **Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in question 3 over which**

- (i) **the offeror, either alone or together with any joint actors, has ownership and control,**

The Offeror has control of 10,000,000 Adira Shares which represent, based on the information provided by the Company, 11.1% of the issued and outstanding Adira Shares and 5,000,000 Warrants exercisable for Adira Shares, which represent, based on the information provided by the Company, 41.2% of the Warrants.

- (ii) **the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor:**

Not applicable.

- (iii) **the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:**

Not applicable.

5. **Name of the market in which the transaction or occurrence that gave rise to the news release took place:**

Not applicable.

6. **The value in Canadian dollars of any consideration offered per security if the Offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:**

The deemed value of the Adira Shares over which the Offeror has control is \$0.40.

7. **Purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

The Adira Shares referred to above were acquired for investment purposes and the Offeror or its associates may, depending on market and other conditions, increase or decrease its beneficial ownership of common shares of the Company whether in the open market, by privately negotiated agreement or otherwise.

8. **General nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release,**

including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:

The Company and the Offeror have agreed that in return for the Offeror's lead order of US\$4,000,000 in the Private Placement, for as long as the Offeror exercises control over 10% or more of the issued and outstanding Common Shares, the Company will nominate, at each annual shareholders meeting of the Company, two nominees of the Offeror to the board of directors of the Company (the "**Board**") and one nominee in the event that the Offeror exercises control over Common Shares in an amount less than 10% but equal to or greater than 7% of the issued and outstanding Common Shares. As a result of the completion of the Private Placement, the Offeror will own, based on the information provided by the Company, 11.1% of the Company's issued and outstanding Common Shares. As such, Eli Barkat and Yael Reznik Cramer will be nominated for director positions at the next annual and special shareholder meeting.

9. **Names of any joint actors in connection with the disclosure required by Appendix E to NI 62-103:**

Not applicable.

10. **In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offeror:**

See item 2.

11. **If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of NI 61-103 in respect of the reporting issuer's securities:**

Not applicable.

12. **If applicable, a description of the exemption from securities legislation being relied on by the Offeror and the facts supporting that reliance:**

Not applicable.

13. **The filing of this report is not an admission that an entity named in the report owns or controls any described securities or is a joint actor with another named entity.**

DATED at Herzliya, Israel on January 18, 2011.

By: ***“Yael Reznik Cramer”***

BRM GROUP LTD.