

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Porto Energy Corp. (“**Porto**” or the “**Corporation**”)
24 Waterway Avenue
The Woodlands, Texas 77386

Item 2. Date of Material Change

September 23, 2011.

Item 3. News Release

A press release reporting the material change was issued on September 23, 2011 through the services of CNW Group.

Item 4. Summary of Material Change

Porto announced that its Board of Directors has adopted a Shareholder Rights Plan designed to encourage the fair treatment of shareholders in connection with any take-over offer for the Corporation.

Item 5.1 Full Description of Material Change

Porto announced that its Board of Directors has adopted a Shareholder Rights Plan (the “**Rights Plan**”) designed to encourage the fair treatment of shareholders in connection with any take-over offer for the Corporation. The Rights Plan addresses the Corporation’s concerns that existing Canadian legislation does not allow sufficient time, if a take-over bid is made, for either the Board of Directors or the shareholders to properly consider the bid, or for the Board of Directors to seek alternatives to such a bid. Given Porto’s corporate structure and the nature of its assets, the Board of Directors considers the additional time afforded by the Rights Plan to be critical to ensure all alternatives can be fully explored in an attempt to maximize value for all shareholders in the event of an unsolicited take-over bid.

The Rights Plan is effective immediately and will provide the Board of Directors and the shareholders more time to fully consider any unsolicited take-over bid for the Corporation. It will also allow more time for the Board of Directors to pursue, if appropriate, other alternatives to maximize shareholder value. Shareholders will be asked to approve the Rights Plan at the Annual General Meeting of shareholders (the “**Meeting**”) expected to be held in January, 2012, and upon receipt of such confirmation, the Rights Plan will have an initial term that would expire at the annual meeting of shareholders of the Corporation to be held in 2015 unless terminated

earlier. The Rights Plan may be extended for an additional three years after 2015 by resolution of shareholders at such meeting.

The rights issued under the Rights Plan (the “**Rights**”) become exercisable only when a person, including any party related to it, acquires or announces its intention to acquire 20% or more of the Corporation’s outstanding common shares (“**Common Shares**”) without complying with the “Permitted Bid” provisions of the Rights Plan or without approval of the Board of Directors. Should such an acquisition occur, each Right would, upon exercise, entitle a holder of Rights, other than the acquiring person and related persons, to purchase Common Shares at one-half of the prevailing market price at the time.

Under the Rights Plan, a “Permitted Bid” is a bid made for all of the Common Shares to all shareholders that is open for not less than 60 days. If, at the end of the 60 days, at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties, have been tendered to the bid, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

The Board of Directors is not aware of any pending or threatened take-over bids for the Corporation that have been made or are contemplated.

A copy of the Rights Plan may be viewed on the Corporation’s profile at www.sedar.com.

Item 5.2. Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable. This report is not being filed on a confidential basis.

Item 7. Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8. Executive Officer

For further information contact Heath Cleaver, Chief Financial Officer at (713) 975-1725 or hcleaver@portoenergy.com.

Item. 9 Date of Report

October 3, 2011.