

FORM 27

**MATERIAL CHANGE REPORT
UNDER SECTION 146(1) OF THE SECURITIES ACT (ALBERTA)
UNDER SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)
UNDER SECTION 75(1) OF THE SECURITIES ACT (ONTARIO)**

ITEM 1. Reporting Issuer: ZCL Composites Inc. (the "Issuer")
6907 - 36 Street
Edmonton, Alberta T6B 2Z6

ITEM 2. Date of Material Change: August 8, 2002

ITEM 3. News Release:

News Release dated August 8, 2002 was issued and disseminated on August 8, 2002 via Canada Newswire and filed that same date on SEDAR.

ITEM 4. Summary of Material Change:

The Issuer announced the acceptance of a financing proposal from ARC Financial Corporation in connection with a private placement of 7,368,000 units at \$0.95 per unit for total proceeds of \$7,000,000.

ITEM 5 Full Description of Material Change:

The Issuer announced that it has accepted a financing proposal from ARC Financial Corporation ("ARC") to have ARC Energy Venture Fund 3 subscribe for a private placement of 7,368,000 units ("Unit") at \$0.95 per Unit for total proceeds to the Issuer of \$7.0 million. The financing proposal is subject to a number of conditions including, but not limited to, the satisfactory completion of due diligence by ARC, the approval by the ARC investment committee, the entering into of formal documentation and the obtaining of applicable regulatory and the Issuer's shareholder approval.

Each Unit shall be comprised of one common share of the Issuer and 0.5 Performance Warrants ("Warrant"). Each whole Warrant would entitle the holder to subscribe for one common share at a price of \$0.95 for a period of up to five years subject to a performance vesting provision. The Warrants would vest at one-third intervals upon the weighted-average trading price of the Issuer's common shares reaching thresholds, for a period of thirty trading days, of \$1.90, \$2.85 and \$3.80 per common share. One-half of the Warrants shall be transferable to senior officers of the Issuer.

ARC Energy Venture Fund 3 is an investment fund specializing in oil and gas exploration and production and service companies and which is managed by ARC Equity Management (Fund 3) Ltd., part of the ARC Financial group of companies.

ITEM 6. Reliance on Section 146(2) of the Alberta Securities Act, 85(2) of the British Columbia Securities Act and 75(3) of the Ontario Securities Act:

Not applicable.

ITEM 7. Omitted Information:

Not applicable.

ITEM 8. Senior Officers:

Venence G. Côté, President & CEO
Tony G. Barlott, CFO & Corporate Secretary
ZCL Composites Inc.
Telephone: (780) 466-6648

ITEM 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to in this report.

DATED at Edmonton, Alberta, this 9th day of August, 2002.

ZCL Composites Inc.

(Name of vendor or agent - please print)

(signed) "Tony Barlott"

Signature

Corporate Secretary

(Official capacity - please print)

TONY BARLOTT

(please print here name of individual whose signature appears above, if different from name of vendor or agent printed above)

IT IS AN OFFENCE UNDER THE SECURITIES ACT THE SECURITIES REGULATION FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.