

FORM 51-102F3

MATERIAL CHANGE REPORT

ITEM 1 – NAME AND ADDRESS OF COMPANY

Geostar Metals Inc. (the “Company”)
Suite 502-543 Granville Street
Vancouver, British Columbia
V6C 1X8

ITEM 2 – DATE OF MATERIAL CHANGE

October 13, 2006

ITEM 3 – NEWS RELEASE

The press release was issued October 13, 2006 over CCN Matthews.

ITEM 4 – SUMMARY OF MATERIAL CHANGE

The Company has entered into an agreement with CIS Energy Inc. (“CIS”) to acquire all the issued and outstanding shares of CIS. The Company intends to undertake a non-brokered private placement of up to 35 million Units at \$1.15 per Unit for gross proceeds of up to \$40,250,000.

ITEM 5 – FULL DESCRIPTION OF MATERIAL CHANGE

See News Release attached.

**ITEM 6 – RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT
51-102**

Not applicable.

ITEM 7 – OMITTED INFORMATION

Not applicable.

ITEM 8 – EXECUTIVE OFFICER

Neil Halldorson, Chief Financial Officer (business telephone number: (604) 669-4899), is the officer of the Company knowledgeable about the details of this material change report.

ITEM 9 – DATE OF REPORT

DATED at Vancouver, B.C. the 16th day of October, 2006.



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FOR IMMEDIATE RELEASE NEWS RELEASE TSX-V SYMBOL- GOS

**GEOSTAR ENTERS INTO AGREEMENT WITH CIS ENERGY INC., ANNOUNCES
PRIVATE PLACEMENT**

October 13, 2006 - Geostar Metals Inc. (“Geostar”), a Vancouver-based merchant banking company, is pleased to announce that it has entered into an agreement with CIS Energy Inc. (“CIS”) and its shareholders to acquire all the issued and outstanding shares of CIS (the “CIS Agreement”). CIS is beneficially owned by Gregory Clarkes as to 30%, Ivan Ivanoff as to 33.33%, Wayne Tisdale as to 20%, and Tracy Marchak as to 16.67%. Mr. Clarkes is a director of Geostar, and owns approximately 13.1% of Geostar’s issued and outstanding shares on a partially diluted basis.

CIS Energy is a private B.C. company that is party to certain agreements (the “Partnership Acquisition Agreements”) under which it may invest US\$25 million in order to obtain a 93.4% equity interest in MontazhMalikMunai LLP (“MMM”), a Kazakhstan limited liability partnership (the “Investment”). MMM’s assets are a license and contract with the government of Kazakhstan conferring the rights to explore, and produce oil from, the Chingiz-Telsu oil field located in north western Kazakhstan. CIS has received a preliminary evaluation of Chingiz-Telsu from Schlumberger Logelco Inc. in Kazakhstan and has retained Sproule International Ltd. to prepare a report on Chingiz-Telsu in accordance with National Instrument 51-101 – Standard of Disclosure for Oil & Gas Activities.

The CIS Acquisition

To acquire all the issued and outstanding common share of CIS pursuant to the CIS Agreement, Geostar will pay the shareholders of CIS \$100 and reimburse them for due diligence and interest expenses incurred by the shareholders on behalf of CIS to date in connection with the Investment.

After closing of the purchase of CIS, Geostar will conduct further diligence concerning MMM. The CIS shareholders will receive further consideration of 5,000,000 common shares of Geostar if the conditions precedent set out in the CIS Agreement are satisfied, and CIS completes the Investment. The most significant conditions to issuance of the 5,000,000 shares are.

- (a) necessary approvals or waivers from governmental authorities in Kazakhstan being obtained;
- (b) amendment of the Partnership Acquisition Agreements on terms satisfactory to Geostar;
- (c) Geostar’s satisfaction with its due diligence concerning MMM, and the legality of the Investment;

- (d) Geostar raising the funds necessary to pay the consideration under the Partnership Acquisition Agreements;
- (e) acceptance from the TSX-V of completion of the transactions and issuance of the shares, subject to Geostar fulfilling the usual requirements of the TSX-V.

If at any time during the first 18 months following completion of the Investment, there are 30 consecutive days in which the average production of crude oil, of a quality equivalent to that historically produced from the lands that are the subject of the Investment, equals or exceeds 1,000 barrels per day, Geostar will issue a further 5 million common shares to the former shareholders of CIS.

The MMM Investment

There are currently three core agreements that govern the Investment. They are the Main Agreement, the Agency Agreement and the Contract on Commission Remuneration. In accordance with these, an aggregate payment of US\$43 million will be required to complete the Investment and satisfy contingent obligations. The Main Agreement sets out the terms under which CIS may complete the Investment. Among other things, it requires MMM and its partners to obtain all the necessary government approvals, including a minimum of a two-year extension to the exploration period under its contract and licence with the Kazakhstani government, and the Salans International Law Firm to provide a positive legal due diligence report prior to closing. There is no assurance that any of these conditions can or will be met.

The Agency Agreement between CIS and Neymar Financial Limited (“Neymar”) requires the payment of US\$11,380,000 to Neymar when the Investment is made and an additional US\$1,750,000 for purchase of the remaining 6.6% interest of MMM within six months of signing the Main Agreement, which is dated June 24, 2006. Neymar is owned and controlled by the MMM partners. Pursuant to the Agency Agreement, the sum of CDN\$15 million was placed in escrow on September 8, 2006 to secure the Neymar payments. For this purpose, CIS obtained a CDN\$15 million loan from Quest Capital Corp. (“Quest”) at the compounded rate of 1% per month. Upon Geostar acquiring CIS and successfully completing the Investment, the Loan Agreement between CIS and Quest requires repayment of the loan and a \$750,000 bonus to Quest in the form of common shares of Geostar at a deemed price of the most recently completed private placement, subject to regulatory approval.

The Contract on Commission Remuneration is between CIS and Muslim Ltd. (“Muslim”), a partnership registered in accordance with the legislation of the Republic of Kazakhstan. Pursuant to this agreement, CIS is required to pay Muslim a commission of US\$5 million dollars for introducing MMM and its partners to CIS. Muslim has no Canadian partners. The commission is payable subject to the Investment closing.

Non-Brokered Private Placement

Geostar intends to undertake a non-brokered private placement to sell up to 35 million Units at \$1.15 per Unit to raise gross proceeds of up to \$40,250,000 (the “Private Placement”). Each Unit will consist of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$2.00 per share for a period of one year from the date of closing. The warrant certificate shall have a provision to force exercise if the closing price of Geostar’s shares exceeds \$2.50 for 20 consecutive trading days. Closing of the Private Placement

will not be contingent on completion of the Investment. If the Investment is not completed, the proceeds will be used to fund other investment activities of Geostar.

Closing of the Private Placement and the Investment is subject to regulatory approval and written consent of a majority of the disinterested shareholders of Geostar.

GEOSTAR METALS INC.

Michael Reimann

Chairman & CEO

Completion of the transaction is subject to a number of conditions precedent, including Exchange acceptance and disinterested Shareholder approval. There can be no assurance the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the filing statement to be prepared in connection with the transaction, any information released or received with respect to this transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Geostar should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved or disapproved the contents of this press release. The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

This news release contains certain statements that may be deemed "forward-looking statements". All statements, other than statements of historical fact, that address events or developments that Geostar expects to occur, are forward looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although Geostar believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration and production successes or failures, continued availability of capital and financing, inability to obtain required shareholder or regulatory approvals, and general economic market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward looking statements are based on the beliefs, estimates and opinions of Geostar's management on the date the statements are made.

These statements are based on a number of assumptions, including, among others, assumptions regarding general business and economic conditions, the receipt and timing of shareholder and regulatory approvals, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver required services in a timely manner. The forgoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.