

FORM 27

SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

Item 1. Reporting Issuer

Blue Lightning Ventures Inc.
7542 1st Street
Burnaby, BC
V3N 3T2

Item 2. Date of Material Change

July 25, 2000

Item 3. Press Release

Press Release dated July 25 2000 and disseminated to the Vancouver Stockwatch Magazine, B.C. Securities Commission, Market News Publishing and George Cross News Letter.

Place of Issuance: Vancouver, British Columbia.

Item 4. Summary of Material Change

The Issuer has entered into a marketing rights agreement with Motorgem Ltd.

Item 5. Full Description of Material Change

The Issuer announces that it has entered into an agreement with Motorgem Ltd. (www.motorgem.com), a private English company, whereby the Issuer will acquire the exclusive rights to market within the United Kingdom certain gasoline and diesel fuel heater technology.

The Issuer's marketing rights will extend to the Gaz-Mo™ gasoline fuel heater unit and the De-Smog™ diesel fuel heater unit. By controlling the temperature of the fuel prior to combustion using microprocessors, these units increase fuel efficiency and decrease harmful emissions in combustion engines.

Both the Gaz-Mo™ and the De-Smog™ units have been tested by private and government facilities with positive results. Test results indicate that the Gaz-Mo™ may reduce fuel consumption by up to 26%, carbon monoxide emissions by up to

63%, carbon dioxide by up to 13% and hydrocarbons by up to 54%. Test results for De-Smog™ are likewise positive: fuel consumption may be reduced by up to 11%, black smoke by up to 65%, nitrogen oxides by up to 19% and hydrocarbons by up to 67%.

Gaz-Mo™ and De-Smog™ are easy to install and regulate the temperature of the fuel to ensure optimum performance. Both the Gaz-Mo™ and De-Smog™ technology are patent protected and may be used in many applications including cars, trucks, boats, trains and other vehicles or machinery using internal combustion engines.

The Gaz-Mo™ and De-Smog™ units are specifically targeted for the United Kingdom for the following reasons:

1. The English government rebates truck owners CDN\$2,200.00 for every diesel engine that is granted a vehicle emissions deductions certificate. The cost of a De-Smog™ unit is approximately CDN\$1,500.00 installed, while a Gaz-Mo™ unit costs about CDN\$480.00 installed.
2. Fuel costs in the United Kingdom are almost three times as high as Canadian prices.
3. The United Kingdom is a large, densely populated market, consisting of a population of about 60,000,000.

The Issuer will use Siemens Building Technologies to manufacture the fuel heater units based on minimum orders of 500.

Pursuant to the terms of the agreement, the Issuer will acquire the exclusive marketing rights to the GazMo™ and DeSmog™ units in the United Kingdom in consideration of issuing 83,000 common shares in its capital stock to the shareholders of Motorgem Ltd. The agreement is subject to Canadian Venture Exchange acceptance for filing.

Item 6. Reliance on Section 85(2) of the Act

The Issuer is not relying on Section 85(2) of the Act.

Item 7. Omitted Information

There is no omitted information.

Item 8. Senior Officers

Linda Smith, President - (604) 837-2739.

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at the City of Vancouver, in the Province of British Columbia, this 4th day of August, 2000.

“Linda Smith”
Linda Smith, President