This is the form of a material change report required under Section 85(1) of the *Securities Act* and section 151 of the *Securities Rules*.

BC FORM 53-901F
(Previously Form 27)
SECURITIES ACT
MATERIAL CHANGE REPORT

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

NOTE: If this report is filed on a confidential basis, put at the beginning of the report in block capitals "CONFIDENTIAL – SECTION 85", and file in an envelope marked "Confidential – Attention: Supervisor, Financial Reporting".

Item 1. **Reporting Issuer**

CANDAO ENTERPRISES INC.
3863 East Hastings Street
Burnaby, BC, V5C 2H7

Item 2. **Date of Material Change**

March 11, 2004

Item 3. **Press Release**

The date of the press release issued pursuant to section 85(1) of the Act with respect to the material change disclosed in this report is March 11, 2004. The press release was issued in Vancouver, British Columbia through the facilities of the TSX Venture Exchange, Market News and through Canada Stockwatch.

Item 4. **Summary of Material Change**

Company reports continuation of negotiation for assignment of contract to build a power plant using licensed gasification technology and change of members on the board of directors.

Item 5. **Full Description of Material Change**

Further to the news release dated December 9, 2003, Candao Enterprises Inc. ("Candao" or the "Company") reports that the anticipated signing of a contract between the private Montreal-based company ("Montrealco") and a major city in France for the construction of a multi-million dollar turnkey electrical power plant using Montrealco's licensed gasification technology has not yet materialized. The President of Montrealco is presently in France, and in negotiations with certain French officials in the pursuit of completing the signing.

Gasification is a procedure by which treated organic wastes are converted into combustible gas through a tightly controlled thermal process, resulting in commercially useful end products such as steam and electricity. Management has been in discussions with Montrealco whereby Montrealco will assign its signed contract to Candao under certain financial terms for the building and operating of the gasification power plant, providing the Company can demonstrate its ability to raise the necessary funding for the project.

Although negotiations are still ongoing, there can be no assurance that the Company will conclude any kind of arrangement with Montrealco or that Montrealco will be successful in securing any contracts.

In anticipation of a positive outcome, effective December 29, 2003, Mr. Michael Ginn and Mr. Russ Jang were replaced as directors by Mr. Patrice Denis and Mr. Claude Roy. Mr. Denis, who runs his own business, is a business graduate and has worked in the mutual funds industry. Mr. Roy is a seasoned professional with vast corporate experiences. He was first Vice-President of the Quebec Liquor Board, and chief of staff to former Quebec Prime Minister Bernard Landry.

Management is attempting to bring the Company out of its current inactive status for failing to meet the TSX Venture Exchange's ("Exchange") Tier 2 Maintenance Requirements, and is now listed on the Exchange's NEX board. Having Mr. Roy and Mr. Denis as part of the management team will strongly contribute towards helping the Company achieve that goal.

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

Not applicable

Item 7. **Omitted Information**

Not applicable

Item 8. **Senior Officer**

The following senior officer of the Issuer is knowledgeable about the material change disclosed in this report.

William Jung, President
Business Telephone No.: 604-325-8197

Item 9. **Statement of Senior Officer**

The undersigned, President of the Issuer, hereby certifies that the foregoing accurately discloses the material change referred to herein.

Executed at Vancouver, B.C. this 11th day of March, 2004.

"William Jung"

William Jung, President