

FORM 27

**MATERIAL CHANGE REPORT UNDER SECTION 146(1)
OF THE SECURITIES ACT**

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. Every report that is filed under section 146(1) of the Securities Act shall be sent to the Executive Director in an envelope marked "Continuous Disclosure".

Where this report is filed on a confidential basis, write at the beginning of the report in block capitals "CONFIDENTIAL - SECTION 146".

ITEM 1 Reporting Issuer:

**Sheer Energy Inc.
106, 138 – 18th Avenue S.E.
Calgary, Alberta T2G 5P9**

ITEM 2 Date of Material Change:

June 4, 2002

ITEM 3 News Release:

**June 6, 2002
Calgary, Alberta**

ITEM 4 Summary of Material Change:

The Issuer announces a stock option grant to purchase 400,000 common shares of the Corporation to certain of its directors and officers at an issue price of \$0.60 per share.

ITEM 5 Full Description of Material Change:

- (1) The Issuer is pleased to announce that the Board of Directors has approved a stock option grant to purchase 400,000 common shares of the Corporation to certain of its directors, officers and employees at an issue price of \$0.60 per share. Such grant is subject to regulatory approval. The Corporation currently has 5,187,863 shares issued and outstanding and will have total stock options to purchase 500,000 common shares leaving a possible future option to purchase an additional 118,786 common share after taking into account the private placement noted below. The grant is to provide compensation incentive for future services provided to the Corporation and demonstrates the commitment that the Corporation has to encourage and enable the acquisition of an equity interest by the participants.**

- (2) The options were granted on June 4, 2002 to five directors and/or officers of the Corporation. The term is five years of which none of the options will vest in the first year. Thereafter, all of the options will vest.

ITEM 6 Reliance on Section 146(2) of the Securities Act:

N/A

ITEM 7 Omitted Information:

N/A

ITEM 8 Senior Officers:

Terrance D. Lawrence, President at (403) 820-6983

ITEM 9 Statement of Senior Officer:

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

Dated at the City of Calgary, in the Province of Alberta this 11th day of June, 2002.

SHEER ENERGY INC.

**Per: “Terrance D. Lawrence”
Terrance D. Lawrence**

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

ANY FEE PAYABLE TO THE ALBERTA SECURITIES COMMISSION UNDER THE *SECURITIES ACT*, *THE SECURITIES REGULATION* AND THE *ALBERTA SECURITIES COMMISSION RULES* SHALL BE PAID TO THE ALBERTA SECURITIES COMMISSION IN ACCORDANCE WITH THE REQUIREMENTS OF THE FEE SCHEDULE TO THE *SECURITIES REGULATION*. ANY FAILURE TO ACCOMPANY A FORM OR APPLICATION WITH THE PRESCRIBED FEE SHALL RESULT IN THE RETURN OF THAT FORM OR APPLICATION.