FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Sheer Energy Inc. ("Sheer" or the "Corporation")
#106, 138 – 18th Avenue, S.E.
Calgary, Alberta T2G 5P9

2. Date of Material Change

September 1, 2005

3. News Release

Sheer Energy Inc. issued a press release with respect to the material change through CCN Matthews on September 6, 2005.

4. Summary of Material Change

Sheer Energy Inc. has entered into a share purchase agreement dated effective June 30, 2005 among Mrs. Neli da Silva, Dr. Fabrizio Rigo, Rigo Oil, Inc. ("Rigo Delaware"), Vega Oil s.r.l. ("Vega"), Rigo Oil Company Limited ("Rigo") and Rigo Oil Tunisia Ltd. ("Rigo Tunisia") to acquire all of the issued and outstanding shares of Rigo, Vega and $6,000,000 in units of Peyto Energy Trust (the "Share Purchase Agreement") subject to, among other things, written consent of a majority of shareholders of Sheer, completing financings of $5,600,000 and final approval by the TSX Venture Exchange.

5. Full Description of Material Change

Sheer Energy Inc. has received conditional approval from the TSX Venture Exchange Inc. subject to satisfying all of its requirements, which include obtaining written consent from a majority of its shareholders, for the proposed acquisition of all the issued and outstanding shares of Rigo, Vega and $6,000,000 in units of Peyto Energy Trust (the "Transaction"). Further details of the Transaction may be found in the Filing Statement filed on www.sedar.com on August 29, 2005. Sheer is in the process of obtaining written consent to the Transaction from a majority of its shareholders.

Sheer has entered into the Share Purchase Agreement that sets out the terms of the Transaction. The Share Purchase Agreement has been filed as at the date hereof on www.sedar.com.

Rigo is a private company incorporated in Jersey, Channel Isles, and is controlled by Mrs. Neli da Silva, the spouse of Dr. Rigo. Vega is a private company incorporated in Italy. Dr. Rigo is the president of both Rigo and Vega and is a geologist with over 50 years of experience in international oil and gas exploration. Mrs. Neli da Silva and Dr. Rigo will become the controlling shareholders of Sheer with approximately 76% of the resulting issued and outstanding shares. The business combination will be an "arm's length" transaction.

Assets held by Rigo include a 37.5% working interest in the Jorf permit onshore Tunisia (989,276 acres), operated by Pioneer Natural Resources Ltd., and a 100% working interest in the Sud Tozeur permit (1,082,283 acres), also onshore Tunisia. Rigo will also have, as at the time of closing of the Transaction, approximately $5,000,000 in cash.

Assets currently held by Vega include an 85% working interest in the B.R286 permit (31,303 acres) in the shallow Adriatic Sea, offshore East-Central Italy, a 60% working interest in the Civitaquana permit (152,081 acres), onshore Central Italy, a 100% working interest in the Posta Nuova permit (38,154 acres), onshore Southern Italy, and a 30% working interest in the Montalbano permit (40,781acres), also located onshore Southern Italy.

The B.R286 permit was officially granted to Vega by the Ministry of Production Activities in early 2005. The Civitaquana, Posta Nuova and Montalbano permits are currently under review by the Ministry of Environment and it is expected that they will be officially granted to Vega in 2005 or in early 2006.

Petrel Robertson Consulting Ltd., of Calgary, completed an independent geological and engineering evaluation dated June 2004 and revised in January 2005 of the Jorf, B.R286 and the Civitaquana permits. The three permits are exploratory in nature, with no oil and gas production currently established. Seismic data is available on all three permits; additional seismic work and an exploratory drilling program are being prepared for these permits.

The Posta Nuova, Montalbano and Sud Tozeur permits were not evaluated by Petrel Robertson in their report as they were added or applied for subsequent to the completion of the Petrel report. Seismic acquisition and/or re-interpretation plus a drilling program are also being developed for these permits.

Under the terms of the Share Purchase Agreement, Mrs. Neli da Silva will receive 55,000,000 common shares of Sheer, having a deemed value of $0.45 per share and 11,000,000 Series "A" Warrants in exchange for all the issued and outstanding securities of Rigo (and, indirectly, all of the issued and outstanding securities of Rigo Tunisia) and for $6,000,000 in units of Peyto Energy Trust, and Rigo Delaware, the parent company of Vega, will be issued 333,333 common shares of Sheer having a deemed value of $0.45 per share and 66,666 Series "A" Warrants in exchange for all the issued and outstanding shares of Vega.

Each whole Series "A" Warrant will entitle the holder to acquire one common share in the Corporation at an exercise price of $0.60 per common share expiring two years from the date of issue of the units.

It is a condition of closing the Transaction that the Corporation complete a brokered private placement and a non-brokered private placement (the "Private Placements"). Completion of the Private Placements is subject to a number of conditions, including, but not limited to, their approvals by the Exchange.

The Corporation will arrange for the non-brokered private placement of 4,444,444 units at $0.45 per unit for total proceeds of approximately $2,000,000 with such units being comprised of one common share and 0.2 of a Series "A" Warrant. No commission or fees will be paid in conjunction with the non-brokered private placement.

In addition, First Associates has agreed to act as sponsor to the Transaction and as agent on a best efforts basis in respect of the brokered private placement of 6,000,000 units of the Corporation at $0.60 per unit for total gross proceeds of $3,600,000 with such units being comprised of one common share and 0.4 of a Series "B" Warrant. Each whole Series "B" Warrant will entitle the holder to acquire one common share in the Corporation at an exercise price of $0.80 per common share expiring one year from the date of issue of the units. In consideration for its services, First Associates will receive an agent's commission, broker options, and be paid a corporate finance fee of $45,000 plus GST and be reimbursed for its expenses. No finders fees are payable in respect of the Transaction or any of the Private Placements.

Upon completion of the Transaction and the Private Placements, the total number of issued common shares of Sheer, including the 6,557,863 shares currently outstanding, will be 72,335,640 common shares. Additionally, the Corporation will have outstanding 11,955,554 Series "A" Warrants and 2,400,000 Series "B" Warrants.

The following table summarizes the pro forma financial information assuming subscription for the entire Private Placements:

	Rigo/Vega March 31, 2005	Sheer March 31, 2005	Pro Forma Adjustments	Pro Forma Consolidated
Pro Forma Balance Sheet				
Current Assets	$ 103,676	$ 183,105	$ 16,031,000	$ 16,317,781
Non-Current Assets	2,561,436	804,649	785,801	4,151,886

Total Assets	2,665,112	987,754	16,816,801	20,469,667
Current Liabilities	20,219	134,630	-	154,849
Non-Current Liabilities	2,649,771	187,069	(2,359,635)	477,205
Total Liabilities	2,669,990	321,699	(2,359,635)	632,054
Shareholder's Equity	$ (4,878)	$ 666,055	$ 19,176,436	$ 19,837,613

The Corporation will have approximately $10,400,000 in cash available to it after closing the Transaction and Private Placements, which assumes subscriptions for all securities offered under the Private Placements. It will also hold $6,000,000 in units of Peyto Energy Trust, which is a trust listed on the Toronto Stock Exchange, that could be sold for cash. It is estimated that these funds will be sufficient to pay the Corporation's share of the costs of the proposed exploration program, which is expected to consist of seismic programs and the drilling and testing of one well on each of the Tunisian and Italian Permits, provided that the Corporation can farm out portions of its interests in the Sud Tozeur, B.R.268, Montalbano and Civitaquana permits

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable

7. Omitted Information

Not applicable

8. Executive Officer

For further information, please contact:

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Vice-President
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9. Date of Report

September 9, 2005