

CHARGER ENERGY INC.
2703, 1100 - 8TH Avenue SW
Calgary, Alberta, T2P 3T8

VIA SEDAR

ALBERTA SECURITIES COMMISSION

19th Floor, 10025 Jasper Avenue
Edmonton, Alberta, T5K 3Z5

CANADIAN VENTURE EXCHANGE

10th Floor, 300 - 5th Avenue S.W.
Calgary, Alberta, T2P 3C4

BRITISH COLUMBIA SECURITIES COMMISSION

2nd Floor, 865 Hornby Street
Vancouver, British Columbia, V6Z 2H4

Dear Sirs:

Re: CHARGER ENERGY INC.
MATERIAL CHANGE REPORT UNDER SECTION 118

This letter is intended as a statement setting forth certain matters that may be a material change in the affairs of Charger Energy Inc. (the "Corporation"). For convenience, this letter is itemized in the same manner as Form 27 of the *Securities Act*, (Alberta) and the similar form under the *Securities Act*, (British Columbia). Concurrent with this filing, this letter is being filed with the Canadian Venture Exchange Inc., being the only Exchange on which the Corporation's shares are listed.

Item 1 - Reporting Issuer

Charger Energy Inc.
2703, 100 - 8th Avenue S.W.
Calgary, Alberta, T2P 3T8

Item 2 - Date of Material Change

The material change occurred on or about October 4, 2000.

Item 3 - Publication of Material Change

A Press Release was issued on October 4, 2000, by Canadian Corporate News, Calgary, Alberta, Canada.

Item 4 - Summary of Material Change

Charger Energy Inc. announced that it has entered into an arm's length agreement with Val Verde Partners, L.P., a Delaware Limited Partnership.

Item 5 - Full Description of Material Change

Charger Energy Inc. announced that it has entered into an arm's length agreement with Val Verde Partners, L.P., a Delaware Limited Partnership, to dispose of 75% of its 100% working interest in oil and natural gas lease rights in approximately 14,000 contiguous acres in Val Verde and Edwards Counties, Texas (the "Val Verde Leases"). In consideration for this disposition, Val Verde Partners has agreed to surrender for cancellation to Charger all of the outstanding 8% Convertible Subordinated Secured Debentures (the "Debentures") in the aggregate amount of CDN\$693,015.

Val Verde Partners has received transfers of all of the Debentures from all of the previous debenture holders of Charger in exchange for the subscription by all of the debenture holders for Val Verde Limited partnership units. The subscription agreements between the debenture holders and Val Verde Partners are conditional upon the surrender for cancellation by Val Verde Partners of all of the Debentures to Charger in exchange for 75% of Charger's interest in the Val Verde Leases. Also, as part of the consideration for the surrender for cancellation by Val Verde Partners of all of the outstanding Debentures, Charger will issue an aggregate of 1,980,033 warrants to each of the former Charger debenture holders in such amounts as they would have been entitled upon conversion of the Debentures. The former debenture holders have foregone the payment of any interest under the Debentures. Each warrant will be exercisable into 1 Common Share of Charger at an exercise price of CDN \$0.50 per share until one year after the date of issuance of the warrants.

Charger has not been in a position to exploit its interest in the Val Verde Leases since the time of its acquisition of the Val Verde Leases last year due to insufficient financing to fund exploration. The Val Verde Leases expire in November, 2000. This disposition of a 75% interest in these leases therefore affords Charger with the opportunity to extract some value from the Val Verde Leases as well as retiring its debenture holder debt.

Charger has entered into a letter of intent with VVP and Platinum Exploration Inc. ("Platinum") in respect of a farm out agreement to be entered into after the closing of the disposition of the 75% interest in the Val Verde Leases. Under the terms of this letter of intent, Platinum or its designate act as operator to drill a test well on the Val Verde lands, together with other industry participants, subject to financing and rig availability. Platinum and its partners earn a 75% interest in the Val Verde leases and Charger therefore receives a 25% carried interest on its remaining 25% interest in the Val Verde leases.

Charger has also recently entered into agreements with both Black Tusk Energy Inc. ("Black Tusk") and Extreme Energy Corporation ("Extreme") to resolve outstanding debt. Under the terms of the arm's length debt settlement agreement with Black Tusk, Charger will pay to Black Tusk \$450,000 and issue 3,900,000 shares of Charger at a deemed price of \$0.15 per share as full and final settlement of outstanding debt, subject to regulatory approval. Upon the closing of such debt settlement with Black Tusk, Michael Sims, the guarantor of this debt, will also be released from his guarantee. Under the terms of the debt settlement agreement with Extreme, Charger has assigned all of its western Canadian oil and gas properties to Extreme as full and final settlement of outstanding debt. Charger and Extreme have two directors in common.

Except for the above noted assignment of properties to Extreme in settlement of debt, which has been completed, these transactions are subject to finalization of documentation and all applicable regulatory approvals, including final approval of the Canadian Venture Exchange.

Charger Energy Inc. is a public energy company listed on the Canadian Venture Exchange under the trading symbol "CHC". Charger's primary focus is generating, sourcing and exploring and developing oil and natural gas reserves in North America. Following completion of the above transactions and the acquisition announced by Charger in its September 12, 2000 press release, Charger's oil and natural gas

interests will consist of the above referenced 25% carried interest on Charger's remaining 25% interest in the Val Verde, Texas leases, as well as 10% of the interest of 389588 Alberta Ltd. in the Green River Basin, Wyoming, which is to be acquired by Charger, as referenced in its September 12, 2000 press release.

Item 6 - Reliance of Section 118(4) of the Securities Act (Alberta)

N/A

Item 7 - Senior Officer

The name of a Senior Officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Jeffrey L. Standen

2703, 1100 - 8th Avenue S.W.

Calgary, Alberta, T2P 3T8

Telephone: (403) 265-4444

Facsimile: (403) 265-4525

The foregoing accurately discloses the material change referred to herein.

DATED this 4th day of October, 2000.

Yours truly,

CHARGER ENERGY INC.

Per: "Jeffrey L. Standen"

JEFFREY L. STANDEN, Director, Chief Executive Officer