FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Clear Energy Inc. ("Clear Energy")
Suite 2900, 400 - 4th Avenue SW
Calgary AB T2P 0J4

Item 2. Date of Material Change

August 17, 2004

Item 3. News Release

A news release relating to the material change described herein was released by Canada Newswire on August 17, 2004

Item 4. Summary of Material Change

On August 17, 2004, pursuant to an offer dated June 25, 2004 (the "Offer"), Clear Energy took up and paid for approximately 95% of the issued and outstanding common shares ("Ranchgate Shares") of Ranchgate Energy Inc. ("Ranchgate"). On August 18, 2004, pursuant to the compulsory acquisition provisions of the *Business Corporations Act* (Alberta) (the "ABCA"), Clear Energy acquired all of the remaining issued and outstanding Ranchgate Shares not tendered to the Offer. Clear Energy now owns 100% of the Ranchgate Shares.

Item 5. Full Description of Material Change

Clear Energy made the Offer dated June 25, 2004 to acquire all of the issued and outstanding Ranchgate Shares on the basis of 0.386 of a common share ("Clear Energy Share") of Clear Energy for each Ranchgate Share. The Offer expired at 4:00 p.m. (Calgary time) on August 16, 2004.

On August 17, 2004, Clear Energy took up and paid for 28,687,286 Ranchgate Shares representing approximately 95% of the outstanding Ranchgate Shares. On August 18, 2004, Clear Energy acquired the remaining 1,481,835 Ranchgate Shares not acquired under the Offer pursuant to the compulsory acquisition provisions of the ABCA.

The total consideration paid by Clear Energy for all of the outstanding Ranchgate Shares was approximately 11,645,986 Clear Energy Shares.

The acquisition of Ranchgate provides Clear Energy with a significant, low risk shallow gas project in northeastern Alberta along with a new core gas area in central Alberta. The acquisition helps diversify Clear Energy's existing asset base and significantly lengthens Clear Energy's reserve life which . In addition, Ranchgate provides a cash flow base and a project inventory balancing the existing high impact/higher cost drilling inventory of Clear Energy in the Peace River Arch. The acquisition is accretive to Clear Energy on a reserves, net asset value, production and cash flow per share basis. Accordingly, had the acquisition of Ranchgate occurred prior to the effective date of the prescribed disclosure under item 1 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") relating to reserves data and other information which is contained in Clear Energy's Revised Initial Annual Information Form for the year ended December 31, 2003 and dated August 13, 2004 (the "Clear Energy AIF"), Clear Energy's reasonable expectation is that such reserves data and other information would be as follows as at December 31, 2003:

	Clear Energy	Ranchgate	Tweedie Property[1]	Combined
Average Daily Production				
Oil & NGLs (bbls/d)	381	777	—	1,158
Natural gas (mcf/d)	10,165	4,239	4,831	19,235
Oil equivalent (boe/d @ 6:1)	2,075	1,484	805	4,364
Proved Reserves				
Oil & NGLs (mbbls)	227	1,721		1,948
Natural gas (mmcf)	6,891	9,193		16,084
Oil equivalent (mboe @ 6:1)	1,376	3,253		4,629
Proved and Probable Reserves				
Oil & NGLs (mbbls)	307	2,691		2,998
Natural gas (mmcf)	10,912	13,762		24,674
Oil equivalent (mboe @ 6:1)	2,127	4,984		7,111
Undeveloped Land Holdings (acres)	274,013	95,000	18,053	387,066

Note:
(1) Ranchgate acquired the Tweedie Property, which is comprised of natural gas assets located in the Tweedie Area in northeastern Alberta, on June 1, 2004 for approximately $22 million, subject to adjustments. The reserve information in respect of the Tweedie Property has been internally generated and has not been prepared or audited by a qualified reserves evaluator or auditor pursuant to NI 51-101. Therefore, such reserve information is not included in this table and has not been used to generate the "Combined" operating information.

In addition, Clear Energy estimates that its reserve life index is approximately five years.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102 *Continuous Disclosure Obligation*

Not Applicable

Item 7. Omitted Information

Not applicable

Item 8. Executive Officer

The name of an Executive Officer of the Corporation who is knowledgeable about the material change and who can be contacted is:

Stephen E. Bjornson
Vice President Finance, Chief Financial Officer and Corporate Secretary
Telephone: (403) 410-3100

Item 9. Date of Report

August 27, 2004