

Material Change Report

Item 1. Reporting Issuer

AAER INC. (the “**Issuer**”)
530-14 Place du Commerce
Verdun, Quebec
H3E 1T5

Item 2. Date of Material Change

November 20, 2006.

Item 3. Press Release

A press release was issued on November 20, 2006 with respect to the material change.

Item 4. Summary of Material Change

The Issuer announces a CDN\$35 Million wind turbine sale to Richmond-based Katabatic Power to Use Turbines at BC Wind Farm.

Item 5. Full Description of Material Change

The Issuer announced that it has entered into an agreement in principle for the sale of 17 of its 1.5 megawatt (MW) wind turbines to Richmond, BC-based Katabatic Power Corp. (“**Katabatic**”) a privately-held wind farm developer with contracts to sell renewable energy in British Columbia.

Under the terms of the deal, the definitive documentation in respect of which is currently being finalized, the Issuer will deliver 17 of its model A1500-77 wind turbines during the last quarter of 2007 for use at Katabatic’s Mount Hays wind project near Prince Rupert, BC. Katabatic also retains the option to purchase an additional 17 turbines from the Issuer in 2008. The Issuer AAER will maintain and service the turbines for the first five years of their expected 25-year operational life.

Officials within both companies said the sales, including the options and the maintenance contracts, are worth between CDN\$35 and \$80 million.

“Katabatic’s purchase of the Issuer’s licensed wind turbine technology is an important milestone for our company,” said Dave Gagnon, President of AAER Inc. “We look forward to a long and productive relationship with Katabatic.”

“AAER’s turbine technology is proven in the field, and is ideally designed for the outstanding wind resource along the BC coast,” said Jonathan Raymond, COO of Katabatic Power Corp. “Over the next decade, Katabatic’s core business will focus on developing British Columbia’s significant wind resources, and partnering with a strong turbine manufacturer like the Issuer is a critical component of our growth strategy.”

In September 2006, Katabatic signed a 25-year electricity purchase agreement with BC Hydro, the Province's primary electricity provider, for the output of the 25.5 MW Mount Hays wind farm. The project will be the first commercial wind farm in the Province, providing electricity to BC Hydro customers in late 2007.

Katabatic is also in initial stages of development of a 3,000MW wind farm on Banks Island, BC. That project, which would break ground in 2009, would be one of the world's largest wind energy facilities.

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

Not applicable.

Item 7. Omitted Information

No information has been omitted in respect of the material change.

Item 8. Executive Officer

Further information with respect to the material change described in this material change report may be obtained from :

Dave Gagnon
President and Chief Executive Officer, AAER Inc.
1(514) 448-5155

The foregoing accurately discloses the material change referred to herein.

DATED this 23rd day of November, 2006

AAER INC.

(signed : "Dave Gagnon")

Dave Gagnon, President