

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Countryside Power Income Fund
495 Richmond Street, Suite 920
London, Ontario
N6A 5A9

Item 2 Date of Material Change

January 15, 2007

Item 3 News Release

A press release was issued on January 15, 2007 in London, Ontario and disseminated across Canada by CCNMathews.

Item 4 Summary of Material Change

On January 15, 2007, Countryside Power Income Fund (the "Fund") announced that it has reached agreement in principle with U.S. Energy Systems Inc. ("USEY") and its subsidiary, U.S. Energy Biogas Corp. ("USEB"), resolving all outstanding issues between the parties. The agreement is subject to the approval of the United States Bankruptcy Court in the Southern District of New York overseeing USEB's Chapter 11 reorganization case, which is expected to consider the matter later this month, and the Fund's lending syndicate as well as each party's respective boards.

The agreement in principle provides for Countryside Canada Power Inc., a subsidiary of the Fund ("Lender"), to have an allowed secured claim of US\$99,000,000 (or approximately CAD\$116,000,000 at the current exchange rate) in the Chapter 11 cases of USEB and its subsidiaries. The secured claim includes full outstanding principal and accrued interest of the USEB loan and an agreed amount on account of all other claims of the Lender against USEB, including the USEB royalty interest. The agreement provides for installment cash payments of US\$3,000,000 on or before January 31, 2007, US\$30,000,000 on or before March 31, 2007, and the remaining balance on or before maturity at May 31, 2007. Outstanding principal amounts shall be deemed over secured for purposes of adequate protection and the use of cash collateral in the USEB bankruptcy cases and shall bear cash interest at a rate of 10% per annum from February 1, 2007, payable monthly in U.S. dollars to the Fund. The parties will work together to pursue a "take-out" financing before the final installment date of May 31, 2007. Mutual general releases will be exchanged among the parties involved and will cover individuals affiliated with the Fund who have been threatened with lawsuits arising out of their prior employment by USEY.

Item 5 Full Description of Material Change

See Schedule "A" attached hereto.

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

Not applicable.

Item 7 Omitted Information

None.

Item 8 Senior Officer

The following senior officer of Countryside Ventures LLC is knowledgeable about the material change and this report:

Edward Campana
Tel: 914.993.5010
Fax: 914.993.6449

Item 9 Date of Report

January 17, 2007.

Schedule "A"
Press Release

JANUARY 15, 2007 - 10:00 ET

Countryside Power Income Fund Reaches Settlement on USEB Investment

LONDON, ONTARIO--(CCNMatthews - Jan. 15, 2007) –

NOT FOR DISTRIBUTION IN THE UNITED STATES OR OVER UNITED STATES WIRE SERVICES

Countryside Power Income Fund (TSX:COU.UN) (the "Fund") announced today that it has reached agreement in principle with U.S. Energy Systems Inc. ("USEY") and its subsidiary, US Energy Biogas Corp. ("USEB"), resolving all outstanding issues between the parties. The agreement is subject to the approval of the United States Bankruptcy Court in the Southern District of New York overseeing USEB's Chapter 11 reorganization case, which is expected to consider the matter later this month, and the Fund's lending syndicate as well as each party's respective boards.

The agreement in principle provides for Countryside Canada Power Inc, a subsidiary of the Fund ("Lender"), to have an allowed secured claim of US\$99,000,000 (or approximately CAD\$116,000,000 at the current exchange rate) in the chapter 11 cases of USEB and its subsidiaries. The secured claim includes full outstanding principal and accrued interest of the USEB loan and an agreed amount on account of all other claims of the Lender against USEB, including the USEB royalty interest. The agreement provides for installment cash payments of US\$3,000,000 on or before January 31, 2007, US\$30,000,000 on or before March 31, 2007, and the remaining balance on or before maturity at May 31, 2007. Outstanding principal amounts shall be deemed over secured for purposes of adequate protection and the use of cash collateral in the USEB bankruptcy cases and shall bear cash interest at a rate of 10% per annum from February 1, 2007, payable monthly in U.S. dollars to the Fund. The parties will work together to pursue a "take-out" financing before the final installment date of May 31, 2007. Mutual general releases will be exchanged among the parties involved and will cover individuals affiliated with the Fund who have been threatened with lawsuits arising out of their prior employment by USEY.

In light of the agreement in principle, the Fund intends to meet with its senior lenders as soon as possible to clarify, among other things, whether the Fund will be able to make its December 2006 distribution on January 31, 2007, and to determine what impact the agreement will have on the terms of its credit facility with its lending syndicate. The Fund also intends to carefully assess the most appropriate use of the cash that will be received pursuant to the agreement, with a view to the best interests of the unitholders of the Fund.

The settlement resulted from a mediation that took place in New York City on January 12 and 13, 2007. Ronald Barliant of the law firm of Goldberg Kohn of Chicago, a former United States bankruptcy judge, presided over the mediation. The Lender's legal advisor in the mediation and the USEB Chapter 11 proceedings is Simpson Thacher & Bartlett LLP.

Forward-Looking Statements

This press release may contain forward-looking statements relating to expected future events and financial and operating results of the Fund that involve risks and uncertainties. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties detailed from time to time in the Fund's annual information form dated March 31, 2006, and available on SEDAR. Due to the potential impact of these factors, the Fund disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

CONTACT INFORMATION

BarnesMcInerney Inc.
Andrew Kondraski
Senior Account Executive
(416) 367-5000 ext. 239
Email: akondraski@barnesmcinerney.com

or

Countryside Ventures LLC
Edward M. Campana
Executive Vice President & CFO
(914) 993-5010
Email: info@countrysidepowerfund.com

or

Countryside Canada Ventures Inc.
Nicole Archibald
Vice President, Administration
(519) 435-0298
Email: info@countrysidepowerfund.com