FORM 51-102F3
Material Change Report

Item 1. Name and Address of Company

Free Energy International Inc.
("Free Energy" or the "Company")
260 - 4611 Viking Way
Richmond, BC V6V 2K9

Item 2. Date of Material Change

August 2, 2010

Item 3. News Release

The news release was disseminated on August 3, 2010

Item 4. Summary of Material Change

1. Alf Sanderson has resigned as President and CEO of the Company and Dean Bethune was appointed President and CEO in his place.

2. Mark McCooey has resigned as Chief Financial Officer of the Company and Ken Carlson was appointed as Chief Financial Officer in his place.

3. An aggregate of 150,000 incentive stock options to purchase common shares of the Company has been granted to Officers of the Company.

Item 5. Full Description of Material Change

Alf Sanderson has resigned as President and CEO of the Company. Alf will continue in the capacity of Executive Chairman of the Company providing management guidance and developing the strategic vision of the Company.

Effective immediately, Dean Bethune will assume the role of President and CEO of the Company. Mr. Bethune has a strong background in oilfield services having held senior executive positions with a number of oilfield service companies in Alberta including Crossfire Energy Services Inc., Destiny Resource Services Corp. and IPEC Ltd. Mr. Bethune's experience and skill set will benefit the Company as it pursues opportunities to develop power generation and clean energy product applications tailored to the oil and gas industry.

Mark McCooey has resigned as Chief Financial Officer of the Company. Mark will continue in his role as Director of the Company and member of the management team. Effective immediately, Ken Carlson will replace Mark McCooey as Chief Financial Officer of the Company. Ken is a Chartered Accountant and has over thirty years of work experience in corporate finance and financial reporting including senior executive roles with Raytheon Canada Ltd. and Motorola Canada Ltd. In addition to being a chartered accountant, Ken has a Bachelor of Commerce degree from the University of British Columbia and a MBA from San Jose State University.

In conjunction with the appointment of new Officers and pursuant to the terms and conditions of its Stock Option Plan, the Company has granted an aggregate of 150,000 incentive stock options to purchase common shares of Free Energy (the "Options") to officers of the Company. The Options are exercisable over a five year period at an exercise price of $0.30 per share with 100% vesting immediately

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

Not applicable

Item 7. Omitted Information

Not applicable

Item 8. Executive Officer

The following executive officer (or the name of an officer through whom such executive officer may be contacted) of the Company is knowledgeable about the material change disclosed in this report.

Dean Bethune, President
Business Telephone No.: (778) 840-3325

Item 9. Date of Report

August 4, 2010