

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 25, 2010

Item 3. News Release

The news release was disseminated on August 25, 2010

Item 4. Summary of Material Change

The Company has entered into a distribution agreement with Pacific Applied Systems

Item 5. Full Description of Material Change

The Company has entered into a distribution agreement with Pacific Applied Systems (Pacific System). The distribution agreement encompasses the sale and distribution of the Company's Snow Melt Geo Thermal Heating Product (Thermal Heating Product). Pacific System is an affiliate of HVAC Systems and Solutions Ltd. (HVAC).

In conjunction with the distribution agreement, Pacific System has made an initial order of two hundred (200) snow melt rods which will be incorporated into the Company's Thermal Heating Product. The Company anticipates revenue of approximately \$50,000 on this initial order.

The Snow Melt Geo Thermal system involves a series of L-shaped rods containing the non-toxic super conducting material to be placed vertically to a depth of 30 to 35 feet below the surface to tap into the constant mild temperatures below and bring heat continuously to the surface. The natural heat will protect a driveway or sidewalk from snow and ice in temperatures down to minus 10 Centigrade.

HVAC Systems & Solutions has been in operation since 1999, providing innovative heating, ventilation, and air-conditioning solutions for commercial, industrial and residential applications. The Company has grown dramatically since its inception in 1999 and is currently the exclusive agent for York Engineered Systems Group for British Columbia.

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 26, 2010