

MATERIAL CHANGE REPORT

SECURITIES ACT (BRITISH COLUMBIA) SECTION 67(1) FORM 27 SECURITIES ACT (ALBERTA) SECTION 118(1) FORM 27 SECURITIES ACT (ONTARIO) SECTION 75(1) FORM 27

1. **Reporting Issuer:**

True Energy Inc.
300, 520 - 5th Avenue S.W.
Calgary, Alberta T2P 3R7

2. **Date of Material Change:**

January 8, 2001 and January 17, 2001

3. **News Release**

Press Releases were issued through the facilities of Canada NewsWire on January 8, 2001 and January 17, 2001, respectively

4. **Summary of Material Change:**

On January 8, 2001, True Energy Inc. ("True") and Marengo Exploration Ltd. ("Marengo") jointly announced that they entered into an agreement under which True will make an offer to acquire all of the outstanding Class A Shares and Class B Shares of Marengo (the "Offer") on the basis of: (i) \$2.05 for each Class A Share or 1.71 Common Shares of True; and (ii) \$9.00 for each Class B Share or 7.5 Common Shares of True, subject to a maximum of 1,000,000 True Common Shares being issued and to be allocated between the Class A Shares and Class B Shares. The Offer will be subject to certain conditions, including the deposit of not less than 66 2/3% of the outstanding Class A Shares (on a fully diluted basis) and 66 2/3% of the outstanding Class B Shares pursuant to the Offer.

On January 17, 2001, True announced that it entered into agreement for an underwritten private placement of 4,166,667 Special Warrants issuable at a price of \$1.20 per Special Warrant for gross proceeds of \$5.0 million. The offering will be led by FirstEnergy Capital Corp. and includes Peters & Co. Limited. Terms of each Special Warrant will entitle the holder to acquire one common share without the payment of any additional consideration, subject to adjustment in certain events. The subscription proceeds from the Special Warrants will be placed in escrow to be released in connection with True taking up and paying for Class A Shares and Class B Shares of Marengo pursuant to the take-over bid to be made by True.

5. **Full Description of Material Change:**

On January 8, 2001, True Energy Inc. ("True") and Marengo Exploration Ltd. ("Marengo") jointly announced that they entered into an agreement under which True will make an offer to acquire all of the outstanding Class A Shares and Class B Shares of Marengo (the

"Offer") on the basis of: (i) \$2.05 for each Class A Share or 1.71 Common Shares of True; and (ii) \$9.00 for each Class B Share or 7.5 Common Shares of True subject to a maximum of 1,000,000 True Common Shares being issued and to be allocated between the Class A Shares and Class B Shares. The Offer will be subject to certain conditions, including the deposit of not less than 66 2/3% of the outstanding Class A Shares (on a fully diluted basis) and 66 2/3% of the outstanding Class B Shares pursuant to the Offer.

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Closing of the private placement is scheduled for the end of January, 2001 and is subject to regulatory approval.

True's obligation to make the Offer is subject to certain conditions including receipt of all regulatory approvals and True closing of the Special Warrant financing the cash consideration to be paid pursuant to the Offer. Shareholders of Marengo (including all directors and officers of Marengo) holding an aggregate of approximately 57.8% of the outstanding Class A Shares (assuming exercise of all outstanding options) and approximately 11.5% of the outstanding Class B Shares have entered into lock-up agreements with True pursuant to which they will agree to deposit and not withdraw their shares to the Offer, subject to certain terms or conditions.

The Offer has unanimous support of the board of directors of both True and Marengo. Subject to receipt of the fairness opinion from Marengo's financial advisor, Sayer Securities Limited, Marengo's board will unanimously recommend that Marengo's shareholders accept the Offer. FirstEnergy Capital Corp. is acting as financial advisor to True.

Marengo has agreed to pay True a non-completion fee of \$800,000 in certain circumstances. Marengo has agreed to terminate any discussions with other parties and not to solicit further offers and has granted True a right-of-first refusal in respect of any subsequent offers. The take-over bid circular associated with the Offer is expected to be mailed to Marengo shareholders in early February and will expire approximately 22 days thereafter.

True currently intends to finance a portion of the consideration payable pursuant to the Offer from the net proceeds of the private placement of Special Warrants with the balance funded by a credit facility to be made available to True by a Canadian chartered bank.

Certain insiders and other persons will be participating in the private placement and in connection therewith disposed of a number of common shares through a cross on the facilities of CDNEX.

6. **Reliance on Confidentiality Provision:**

N/A

7. **Omitted Information:**

N/A

8. **Senior Officer:**

For further information, please contact:

Paul R. Baay or Todd R. Klippenstein
Tel: (403) 266-8670 Fax: (403) 264-8163

9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to in this report.

DATED January 17, 2001, at the City of Calgary, in the Province of Alberta.

TRUE ENERGY INC.

Per: (signed) Paul R. Baay
Paul R. Baay
President and Chief Executive Officer

cc: Canadian Venture Exchange
cc: The Toronto Stock Exchange