MATERIAL CHANGE REPORT

Item 1. Reporting Issuer:

Petrobank Energy and Resources Ltd.
2600, 240 - 4th Avenue SW
Calgary, AB T2P 4H4

Item 2. Date of Material Change:

August 29, 2003

Item 3. News Release:

A Press Release reporting the material change was issued by the Issuer on August 29, 2003, through CCN Matthews.

Item 4. Summary of Material Change:

Petrobank Energy and Resources Ltd. ("Petrobank") announced that it entered into an agreement (the "Purchase and Sale Agreement") to acquire all of the outstanding shares of Monolith Oil Corp. ("Monolith"), a privately owned oil and natural gas company for $42 million (net of acquired working capital).

Monolith Acquisition Summary

- Current daily production of 2,700 boepd (92% gas) (6:1)

- Acquisition cost of $15,600/boepd and $12.60/boe including future development costs based on Petrobank's internal estimate of established reserves (3.5 mmboe)

- 111% accretive to proforma cash flow per share for the second quarter of 2003

- Significant prospect inventory, with more than 50 drillable locations currently identified

- Land base of 51,000 net acres (27,000 undeveloped)

- High working interest, operated properties

- Monolith's properties are focused in the Nevis and Red Willow areas of east central Alberta and bring a significant inventory of gas-weighted, opportunities, which add to, and geologically and operationally complement, Petrobank's recent successes at Jumpbush.

Item 5. Full Description of Material Change:

Petrobank announced that it entered into the Purchase and Sale Agreement to acquire all of the outstanding shares of Monolith, a privately owned oil and natural gas company for $42 million (net of acquired working capital).

The purchase price is payable as follows:

(a) $12,500,000 in cash, assuming anticipated working capital acquired;

(b) $14,500,000 principal amount of a Debenture, which will be secured but subordinate to Petrobank's secured credit facility, bear interest at 9% per annum, payable monthly and will mature on January 31, 2004; and

(c) $15 million payable in common shares of Petrobank ("Petrobank Shares"). The number of Petrobank Shares issued will be equal to $15 million divided by the weighted average trading price for all trades of Petrobank Shares on the Toronto Stock Exchange during the ten consecutive trading day period ending on the last business day prior to the closing of the transaction, subject to a maximum of eight million Petrobank Shares being issued.

Monolith is a private oil and gas company with a focused group of assets in east central Alberta that are natural gas weighted and have upside potential. Geologically, these properties are very similar to Petrobank's existing play types at Petrobank's Jumpbush property with the primary target being the Glauconite and Ellerslie zones with secondary potential in the Viking, Belly River, and Stettler zones. At current production of 2,700 boepd, the transaction is accretive to cash flow per share. Additionally, these properties generate higher operating netbacks than Petrobank's existing Canadian reserve base, and Petrobank does not anticipate a need for any material increase in technical or administrative staff as a result of this transaction.

Selected Combined Information

	Petrobank Second Quarter	Combined(1)	% Change
Average daily production			
Canada			
Oil and NGLs (bbls)	2,758	2,978	8
Natural gas (mcf)	8,057	22,937	185
	--------	----------	
Total Canada (boe)	4,101	6,801	66
Colombia			
Oil (bbls)	1,028	1,028	-
	---------	--------	
Total Company (boe)	5,129	7,829	53
Daily production per thousand common shares	0.112	0.153	37
Net debt (000's)	$ 94,801	121,801	28
Shareholders equity (000's)	$57,579	$ 72,529	26
Common shares outstanding (000's)	45,594,258	51,029,041(2)	12

Combined production of 7,829 boepd consists of 5,129 boepd as reported by Petrobank in the second quarter of 2003 plus current Monolith production of 2,700 boepd. For comparison purposes, combined current production, including Jumpbush estimated production, is as follows:

Petrobank's existing Canadian properties (boepd)	4,100
Jumpbush estimated production awaiting tie-in (boepd)	500
Monolith properties (boepd)	2,700

Total Canada (boepd)	7,300
Colombia (bopd)	1,800

Total Company (boepd)	9,100

(1) Combined results are based on current daily production of Monolith of 14.9 mmcfpd and 220 barrels of oil and natural gas liquids per day.
(2) For purposes of this combined analysis only, it is assumed that 5,434,783 Petrobank Shares are issued to the Monolith shareholders based on the average trading price for the 10 trading days ending August 28, 2003 of $2.76 per Petrobank Share.

The Sale and Purchase Agreement provides for the payment of a termination payment of $1,680,000 by Petrobank or the vendors if the agreement is terminated and the party terminating was not in default of any of their obligations under the agreement and the other party or parties do not concurrently have a right to terminate the agreement as a result of non-satisfaction of conditions.

Subject to satisfaction of certain conditions, including receipt of all required regulatory approvals, closing is scheduled for September 17, 2003.

Item 6. Reliance on Section 146(2) of the Securities Act (Alberta):

Not applicable

Item 7. Omitted Information:

Not applicable

Item 8. Senior Officer:

David Rain, VP Finance and Chief Financial Officer
Telephone: (403) 750-4400

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Dated as of August 29, 2003 at Calgary, Alberta.

Petrobank Energy and Resources Ltd.

By: Signed "*David Rain*"

Copy: Toronto Stock Exchange