

FORM 25 (Saskatchewan)
FORM 26 (Newfoundland)
FORM 27 (British Columbia, Alberta, Ontario, Quebec and Nova Scotia)

Material Change Report Pursuant to

Subsection 67(2) of the *Securities Act*, S.B.C. 1985 c.83
Subsection 118(1) of the *Securities Act*, R.S.A. 1981 c.S-6.1
Clause 84(1)(b) of *The Securities Act, 1988*, S.S. 1988 c. S-42.2
Subsection 75(2) of the *Securities Act*, R.S.O. 1990 c. S-5
Subsection 73 of the *Securities Act*, R.S.Q. c. V-1 - 1.1
Subsection 81(2) of the *Securities Act*, R.S.N.S. 1989 c. 418
Subsection 76(2) of the *Securities Act, 1990* S. Nfld. c. 48

Item 1 - Reporting Issuer

Lateral Vector Resources Inc.
Suite 120, 1230 Blackfoot Drive
Regina, Saskatchewan
S4S 7G4

Item 2 - Date of Material Change

May 17, 2000

Item 3 - Press Release

The English version of the press release attached hereto as Schedule "A" was distributed through the Canadian Disclosure Network of Canada Newswire Ltd. on May 17, 2000.

Item 4 - Summary of Material Change

The currently approved work plan for LVR's Ukraine Project in the Bugruvativske Field is not expected to proceed until funding from ARDAL Company pursuant to the Participation and Funding Agreement has commenced or other project financing has been arranged. The Ukraine Project constitutes LVR's principal asset. LVR's ability to proceed with the Ukraine Project and the viability of both LVR and the Ukraine Project is heavily dependent upon LVR's ability to fund the Ukraine Project.

Item 5 - Full Description of Material Change

The currently approved work plan for LVR's Ukraine Project in the Bugruvativske Field is not expected to proceed until funding from ARDAL Company ("ARDAL") pursuant to the Participation and Funding Agreement (the "Participation Agreement") has commenced or other project financing has been arranged. The Ukraine Project

constitutes LVR's principal asset. LVR's ability to proceed with the Ukraine Project and the viability of both LVR and the Ukraine Project is heavily dependent upon LVR's ability to fund the Ukraine Project.

Ukrnafta, the Ukrainian state-owned oil and gas company that entered into the Joint Interest Production Agreement ("JIPA") with LVR dated March 20, 1998 for the joint development of the Bugruvativske Field, in a recent communication has requested that LVR start financing the Ukraine Project as contemplated in the JIPA by May 27, 2000. Ukrnafta indicated that if this condition is not met it will exercise its right to raise with its shareholders the issue of termination and cancellation of the JIPA.

LVR previously announced the Participation Agreement with ARDAL. ARDAL is a Ukrainian based gasoline and products retailer for approximately 65 retail locations in the Ukraine. In connection with this Participation Agreement with ARDAL, a number of discussions and negotiations continue with respect to a revised schedule of investment, a cash call mechanism, the participation of a further corporate entity associated with ARDAL and certain other matters.

On May 12, 2000, LVR provided a notice to ARDAL that if payment by ARDAL of the first cash call for the initial work program in connection with the Ukraine Project was not received in a project account by May 16, 2000, it would be necessary for LVR to consider proceeding to secure other sources of financing. No funds had been advanced by ARDAL pursuant to the Participation Agreement as of the close of business in Kiev, Ukraine May 16, 2000. LVR intends to continue discussions/negotiations with ARDAL, but will also pursue alternative financing and other options.

Michael Burns, who has been a director of LVR since 1994 and is Deputy Chairman, Extencicare Inc., was appointed Chairman effective today. Michael Burns replaces Robert Knight who resigned as Chairman and as a director of LVR due to both personal and business-related issues. Charles Knight will remain on the Board of Directors and continue to represent the interests of the Knight family.

Ukraine's legal and business systems are currently underdeveloped and accordingly LVR's business and operations in the Ukraine are subject to additional risk similar to other emerging markets.

Item 6 - Reliance on subsection 84(2) (SK), subsection 67(2) (BC), subsection 118(4) (AB), subsection 75(3) (ON), section 74 (PQ), subsection 81(3) (NS) and subsection 76(3) (NF):

Not applicable.

Item 7 - Omitted Information

Not applicable.

Item 8 - Senior Officer

The senior officer of Lateral Vector Resources Inc. who is knowledgeable about the proposed transaction and who the Commission may contact in respect of it is:

Bruce Ryan
Vice President, Finance and Secretary
Lateral Vector Resources Inc.
Suite 120, 1230 Blackfoot Drive
Regina, Saskatchewan
S4S 7G4
Telephone: (306) 569-1700

Item 9 - Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Regina, Saskatchewan, the 23rd day of May, 2000.

“Bruce Ryan”

Bruce Ryan,
Vice President, Finance and Secretary

Schedule A



NEWS RELEASE

May 16, 2000

STATUS OF UKRAINE PROJECT AND APPOINTMENT OF NEW CHAIRMAN

The currently approved work plan for Lateral Vector Resources Inc.'s ("LVR") Ukraine Project in the Bugruvativske Field is not expected to proceed until funding from ARDAL Company ("ARDAL") pursuant to the Participation and Funding Agreement ("Participation Agreement") has commenced or other project financing has been arranged. The Ukraine Project constitutes LVR's principal asset. LVR's ability to proceed with the Ukraine Project and the viability of both LVR and the Ukraine Project is heavily dependent upon LVR's ability to fund the Ukraine Project.

Ukrnafta, the Ukrainian state-owned oil and gas company that entered in to the Joint Interest Production Agreement ("JIPA") with LVR dated March 20, 1998 for the joint development of the Bugruvativske Field, in a recent communication has requested that LVR start financing the Ukraine Project as contemplated in the JIPA by May 27, 2000. Ukrnafta indicated that if this condition is not met it will exercise its right to raise with its shareholders the issue of termination and cancellation of the JIPA.

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Lateral Vector Resources Inc. is a Canadian resource company with its head office in Regina, Saskatchewan. The Company specializes in international oil projects and is listed on the Toronto Stock Exchange under the symbol LVR.

For further information contact LVR through Wayne Goranson, President and Chief Executive Officer at (306) 569-1700 or Bruce Ryan, Chief Financial Officer & Secretary at (306) 569-1700.

The TSE has neither approved nor disapproved of the information contained herein.