SUMMIT RESOURCES LIMITED

MATERIAL CHANGE REPORT

Section 146(1) of the *Securities Act* (Alberta)
Section 85(1) of the *Securities Act* (British Columbia)
Section 76(2) of the *Securities Act* (Newfoundland)
Section 81(2) of the *Securities Act* (Nova Scotia)
Section 75(2) of the *Securities Act* (Ontario)
Section 84(1) of *The Securities Act, 1988* (Saskatchewan)

1. Reporting Issuer

Summit Resources Limited
500, 630 – 4th Avenue S.W.
Calgary, Alberta T2P 0J9

2. Date of Material Change

May 13, 2002

3. Press Release

On May 13, 2002 before the opening of markets, Summit Resources Limited ("Summit") and Paramount Resources Ltd. ("Paramount") issued a joint press release disclosing the nature and substance of the material change.

4. Summary of Material Change

Summit and Paramount have entered into an agreement (the "Pre-Acquisition Agreement") dated as of May 12, 2002 pursuant to which Paramount agreed to make an offer (the "Offer") to purchase all of the issued and outstanding common shares of Summit (the "Summit Shares"), including all Summit Shares which may become outstanding on the exercise of options to purchase Summit Shares.

5. Full Description of Material Change

Summit and Paramount have entered into the Pre-Acquisition Agreement dated as of May 12, 2002 pursuant to which Paramount agreed to make the Offer to purchase all of the issued and outstanding Summit Shares, including all Summit Shares which may become outstanding on the exercise of options to purchase Summit Shares.

The Offer

Summit and Paramount entered into the Pre-Acquisition Agreement pursuant to which Paramount agreed to make the Offer either directly or through a subsidiary to purchase all of the issued and outstanding Summit Shares for cash consideration of $7.40 per Summit Share. The Pre-Acquisition Agreement provides that the Offer is subject to certain conditions including, among other things, that at least 66 2/3% of the Summit Shares (calculated on a diluted basis) shall be tendered and not withdrawn under the Offer.

The Pre-Acquisition Agreement contains the material conditions to the Offer that were negotiated between Paramount and Summit. Paramount may, in its sole discretion: (i) waive any term or condition of the Offer for its benefit provided that, if Paramount takes up and pays for any Summit Shares, it must acquire not less than 66 $^{2}/_{3}$% (the "Minimum Condition") (or 50% if Paramount waives the Minimum Condition) of the issued and outstanding Summit Shares (calculated on a diluted basis); and (ii) amend any term or condition of the Offer, provided that Paramount shall not decrease or alter the form of the consideration to be paid for each Summit Share or modify or impose additional conditions to the Offer in a manner that is adverse to the holders of Summit Shares, provided that an extension of the Offer shall not constitute an adverse modification or amendment to the Offer.

Approval by the Board of Directors

Pursuant to the Pre-Acquisition Agreement, Summit consented to the Offer and confirmed that the Board of Directors has: (i) unanimously approved the Offer and the Pre-Acquisition Agreement; (ii) determined that the Offer is fair, from a financial point of view to holders of Summit Shares; and (iii) resolved to unanimously recommend acceptance of the Offer by the holders of Summit Shares provided that Summit may accept, recommend, approve or implement a Superior Proposal (as defined under "No Solicitation" below) from a third party in the circumstances described under "No Solicitation" below.

Cease Negotiations

Pursuant to the Pre-Acquisition Agreement, Summit agreed to immediately cease and cause to be terminated any existing solicitation, initiation, encouragement, activity, discussion or negotiation with any parties conducted prior to the execution of the Pre-Acquisition Agreement by Summit, any of its subsidiaries or their respective officers, directors, employees, financial advisors, representatives and agents with respect to a Take-Over Proposal (as defined under "Take-Over Proposal" below) whether or not initiated by Summit. In connection therewith, neither Summit nor any of its subsidiaries further agreed to release any third party from any confidentiality or standstill agreement to which Summit or any of its subsidiaries and such third party is a party or amend any of the foregoing and to exercise all rights to require the return of information regarding Summit.

No Solicitation

Summit also agreed that after the execution of the Pre-Acquisition Agreement Summit and its subsidiaries will not, and will not authorize or permit any of its representatives to, directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) or participate in or take any other action to facilitate any inquiries or the making of any proposal which constitutes or may reasonably be expected to lead to a Take-Over Proposal from any person, or engage in any discussion, negotiations or inquiries relating thereto or accept any Take-Over Proposal, provided, however, that Summit may engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by Summit, any of its subsidiaries or any of their respective representatives) seeks to initiate such discussions or negotiations and may furnish such third party information concerning Summit and its business, properties and assets which has previously been provided to Paramount if, and only to the extent that:

a. the third party has first made a *bona fide* written Take-Over Proposal that is financially superior to the Offer and has demonstrated that such proposal constitutes a commercially feasible transaction which could be carried out within a time frame that is reasonable in the circumstances and that the funds or other consideration necessary for the Take-over Proposal are available or are reasonably likely to be available (as determined in good faith in each case by the Board of Directors after receiving the advice of its financial advisors) (a "Superior Proposal") and the Board of Directors has concluded in good faith, after considering applicable law and receiving the advice of outside counsel that such action is required by the Board of Directors to comply with fiduciary duties under applicable law;

b. prior to furnishing such information to or entering into discussions or negotiations with such person or entity, Summit provides prompt notice orally and in writing to Paramount specifying the identity of such person or entity and that it is furnishing information to or entering into discussions or negotiations with such person or entity in respect to a Superior Proposal, receives from such person or entity an executed confidentiality agreement having confidentiality and standstill terms substantially similar to those contained in the confidentiality agreement executed by Paramount and promptly provides Paramount with a complete copy of such Superior Proposal and any amendments thereto and confirming in writing the determination of the Board of Directors that the Take-over Proposal if completed would constitute a Superior Proposal;

c. Summit provides prompt notice to Paramount at such time as it or such person or entity terminates any such discussions or negotiations;

d. Summit promptly provides to Paramount any information provided to any such person or entity whether or not previously made available to Paramount; and

e. a failure to respond or act would, in the opinion of the Board of Directors, acting reasonably and after receiving the advice of outside counsel, be inconsistent with the performance by the Board of Directors of their fiduciary duties under applicable law.

In addition, Summit must comply with applicable securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to holders of Summit Shares.

Summit may accept, recommend, approve or implement a Superior Proposal from a third party and withdraw, modify or change any recommendation regarding the Offer, but only if prior to such acceptance, recommendation, approval or implementation, the Board of Directors has concluded in good faith, after considering provisions of applicable law and after giving effect to all proposals to adjust the terms and conditions of the Pre-Acquisition Agreement and the Offer which may be offered by Paramount during the two business day notice period set forth below and after receiving the advice of outside counsel, that such action is required by the Board of Directors to comply with fiduciary duties under applicable law.

For a period of at least two business days after Summit has provided Paramount with a copy of any Superior Proposal, the Board of Directors shall not resolve to accept, recommend or implement such Superior Proposal or withdraw, redefine, modify or change its recommendation in respect of the Offer.

Take-Over Proposal

The Pre-Acquisition Agreement defines "Take-Over Proposal" to mean a proposal or offer (other than by Paramount), whether or not subject to a due diligence condition, whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of all or a material portion of the assets of Summit or any material subsidiary of Summit or to acquire in any manner, directly or indirectly, beneficial ownership or control or direction over more than 20% of the outstanding voting shares of Summit whether by an arrangement, amalgamation, merger, consolidation or other business combination, by means of a sale of shares of capital stock, sale of assets, tender offer or exchange offer or similar transaction involving Summit or any material subsidiary of Summit including without limitation any single or multi-step transaction or series of related transactions which is structured to permit such third party to acquire beneficial ownership of all or a material portion of the assets of Summit or any material subsidiary of Summit or to acquire in any manner, directly or indirectly, more than 20% of the outstanding voting shares of Summit (other than the transactions contemplated by the Pre-Acquisition Agreement).

Termination

The Pre-Acquisition Agreement may, subject to its specific terms, be terminated by written notice promptly given to the other party at any time prior to the time Paramount first takes up and pays for Summit Shares:

a. by mutual agreement; or

b. by either Paramount or Summit, if Summit enters into an agreement providing for a Superior Proposal;

c. by either Paramount or Summit, if the Board of Directors has withdrawn its positive recommendation of the Offer;

d. by Summit, if Paramount has not mailed the Offer to the holders of Summit Shares on or before 12:00 midnight (Calgary time) on May 24, 2002;

e. by either Paramount or Summit, if Paramount has not taken up and paid for the Summit Shares deposited under the Offer on or before the date which is 60 days, or if a Take-over Proposal is offered or made to Summit's shareholders, 90 days, following the day of mailing of the Offer to the holders of Summit Shares;

f. by either Paramount or Summit, if the Offer terminates or expires at the Expiry Time (as it may be extended as permitted pursuant to the Pre-Acquisition Agreement) without Paramount taking up and paying for any of the Summit Shares as a result of the failure of any condition to the Offer to be satisfied or waived unless the failure of such condition shall be due to the failure of the party seeking to terminate the Pre-Acquisition Agreement to perform the obligations required to be performed by it under the Pre-Acquisition Agreement;

g. by either Paramount or Summit, if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the Pre-Acquisition Agreement and such order, decree, ruling or other action has become final and non-appealable, provided that the party seeking to terminate the Pre-Acquisition Agreement shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;

h. by either Paramount or Summit, if there has been a misrepresentation, breach or non-performance by the other party of any representation, warranty or covenant contained in the Pre-Acquisition Agreement which would have or would reasonably be expected to have a material adverse effect on the party seeking to terminate, provided the breaching party has been given notice of and five business days to cure any such misrepresentation, breach or non-performance except that such cure period shall not apply in respect of the non-solicitation provisions of the Pre-Acquisition Agreement referred to under "No Solicitation" above; or

i. by Paramount, if there has been a misrepresentation, breach or non-performance by Ernest S. Rady of any representation, warranty or covenant contained in the Pre-Tender Agreement to which such individual is a party which would preclude Paramount from completing the Offer or completing a second stage transaction in respect of any Summit Shares not acquired under the Offer, provided such individual has been given notice of and five business days to cure any such misrepresentation, breach or non-performance except that such cure period shall not apply in respect to certain provisions of the Pre-Tender Agreement to which such individual is a party.

Reconstitution of the Board of Directors

Immediately following the acquisition by Paramount of more than 50% of the outstanding Summit Shares pursuant to the Offer, the Board of Directors will be reconstituted through resignations of all existing Summit directors and the appointment of Paramount nominees in their place.

Other Terms

Pursuant to the Pre-Acquisition Agreement, Paramount has covenanted to honour, or will cause Summit to honour, all severance obligations and to make all termination and other payments in amounts agreed to by Summit and disclosed to Paramount.

The Pre-Acquisition Agreement also contains certain customary representations and warranties of each of Paramount and Summit. Summit has agreed that, during the period commencing on the date of the Pre-Acquisition Agreement and ending on the earlier of the date on which Paramount takes up and pays for Summit Shares under the Offer or the date the Pre-Acquisition Agreement is terminated in accordance with its terms, the business of Summit and its subsidiaries will be conducted in the usual and ordinary course and consistent with past practice, and that Summit will not, without prior consultation with and the consent of Paramount, dispose of or purchase any significant assets or incur any significant liabilities or capital expenditures.

6. Reliance on Confidential Filing Provisions

Not applicable.

7. Omitted Information

No material information has been omitted from this report.

8. Senior Officers

For further information, please contact Mr. Donald J. Nelson, President at (403) 269-4442.

9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Calgary, Alberta this 17th day of May, 2002.

SUMMIT RESOURCES LIMITED

Per: (signed) *Donald J. Nelson*
Donald J. Nelson
President