This is the form of a material change report required under Section 85(1) of the Securities Act.

FORM 27

SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

NOTE: Every report required to be filed under section 85(1) of the Act shall be sent to the Commission in an envelope addressed to the Commission and marked "Continuous Disclosure".

NOTE: WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS CONFIDENTIAL - SECTION 85", AND EVERYTHING THAT IS REQUIRED TO BE FILED SHALL BE PLACED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL".

Item 1. Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer.

Ella Resources Inc. (the "Company")
Suite 850, 1095 West Pender Street
Vancouver, B.C. V6E 2M6

Item 2. Date of Material Change

June 29, 2000

Item 3. Press Release

State the date and place(s) of issuance of the press release issued pursuant to Section 85(1) of the Act.

June 29, 2000 - Vancouver, B.C.

Item 4. Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change.

Ella Resources Inc. announced that it has reached an agreement-in-principle to acquire all of the issued and outstanding shares of Reefex Corporation ("Reefex") and 1272891 Ontario Limited ("Ontario") in consideration of 10,000,000 common shares of Ella. Reefex is a private oil and gas company which has secured certain petroleum rights in eastern Lambton County, Ontario, primarily in Brooke Township. Ontario farmed into the property in the spring of 1998. Reefex, as operator, has conducted seismic testing and evaluation on the acreage and has drilled three exploratory wells. A gas zone was encountered in one well. An independent valuation of the well has estimated the total proved and probable (discounted by 50%) reserves of gas at 284 MMcf having a net present value (discounted at 15%) of $347,000. Ella understands Reefex has planned further testing and believes drilling is warranted.

In addition, Ella proposes to complete a brokered private placement of 20,000,000 "flow through" common shares at $0.10 per share and 10,000,000 units at $0.10 per unit. Each unit is comprised of one common share of Ella and one-half of a share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one common share of Ella for a period of one year at a price of $0.15 per share. The Agent will be paid a fee of 6% and issued a warrant to purchase for $0.15 per share and a period of one year up to that number of common shares equal to 10% of the shares sold.

Total proceeds from the private placements of $ 2,820,000 will be used to gather and evaluate additional seismic data, drill up to an additional eight exploratory wells and working capital purposes.

Item 5. Full Description of Material Change

Supplement the summary required under Item 4 with the disclosure which should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also Item 7.

This description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting Issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.

The above list merely describes examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation.

Refer to attached Press Release.

Item 6. <u>Reliance on Section 85(2) of the Act</u>

If the report is being filed on a confidential basis in reliance on Section 85(2) of the Act, state the reasons for such reliance.

INSTRUCTION:

Refer to Section 85(3) of the Act concerning continuing obligations in respect of reports filed pursuant to this subsection.

N/A.

Item 7. <u>Omitted Information</u>:

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed by Section 67(3) of the Act will no longer or will not be relied upon, a reporting Issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.

State whether any information has been omitted on this basis and provided the reasons for any such omission in sufficient detail to permit the Commission to exercise its discretion pursuant to Section 169(4) of the Act.

The reasons for the omission may be contained in a separate letter filed as provided in Section 146 of the Regulation.

N/A.

Item 8. <u>Senior Officers</u>

To facilitate any necessary follow-up by the Commission, give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom such senior officer may be contacted by the Commission.

Brief E. Bayley, President - (604) 689-1428

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver this 29th day of June, 2000.

(signed) "Sandra Lee"
Sandra Lee, Secretary

ELLA RESOURCES INC.

SUITE 850, 1095 WEST PENDER STREET, VANCOUVER, BRITISH COLUMBIA V6E 2M6
TELEPHONE: (604) 689-1428 / TELECOPY: (604) 681-4692

June 29, 2000 **Symbol:**

CDNX: ERE

NEWS RELEASE

Ella Resources Inc. announces that it has reached an agreement-in-principle to acquire all of the issued and outstanding shares of Reefex Corporation ("Reefex") and 1272891 Ontario Limited ("Ontario") in consideration of 10,000,000 common shares of Ella. Reefex is a private oil and gas company which has secured certain petroleum rights in eastern Lambton County, Ontario, primarily in Brooke Township. Ontario farmed into the property in the spring of 1998. Reefex, as operator, has conducted seismic testing and evaluation on the acreage and has drilled three exploratory wells. A gas zone was encountered in one well. An independent valuation of the well has estimated the total proved and probable (discounted by 50%) reserves of gas at 284 MMcf having a net present value (discounted at 15%) of $347,000. Ella understands Reefex has planned further testing and believes drilling is warranted.

In addition, Ella proposes to complete a brokered private placement of 20,000,000 "flow through" common shares at $0.10 per share and 10,000,000 units at $0.10 per unit. Each unit is comprised of one common share of Ella and one-half of a share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase one common share of Ella for a period of one year at a price of $0.15 per share. The Agent will be paid a fee of 6% and issued a warrant to purchase for $0.15 per share and a period of one year up to that number of common shares equal to 10% of the shares sold.

Total proceeds from the private placements of $ 2,820,000 will be used to gather and evaluate additional seismic data, drill up to an additional eight exploratory wells and working capital purposes.

Reefex's President, Steven Colquhoun, a Certified Petroleum Geologist, will join the board of directors and assume responsibility for the exploration and drilling program and the day-to-day management of Ella. A second Reefex representative will join the board and one Ella representative will continue as a director. Ella proposes to change its name to "Kinetic Energy Inc." on completion of the acquisition.

Completion of the acquisition and private placement is subject to execution of formal agreements and shareholder and regulatory approvals. There are currently 10,593,579 common shares of Ella issued and outstanding (10,943,579 fully diluted). After completion of these transactions there will be 50,593,579 common shares issued and outstanding (55,943,579 fully diluted).

For further information please contact:

ELLA RESOURCES INC.
Brian E. Bayley
(604) 689-1428

REEFEX CORPORATION
Steven Colquhoun
(519)641-1652

The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.