MATERIAL CHANGE REPORT

PURSUANT TO

Section 85(1) of the *Securities Act* (British Columbia)
Section 146(1) of the *Securities Act* (Alberta)
Section 75(2) of the *Securities Act* (Ontario)

1. **REPORTING ISSUER**

PETROLEX ENERGY CORPORATION
Suite 308, 114 0 Homer Street
Vancouver, B.C.
V6B 2X6

2. **DATE OF MATERIAL CHANGE**

June 25, 2002

3. **PRESS RELEASE**

A press release disclosing the material change was issued by Canada News Wire. A copy of the press release is attached hereto as Appendix "A".

4. **SUMMARY OF MATERIAL CHANGE**

The Company's indirectly held subsidiary Petrolex Colombia Holdings Limited has entered into an agreement (the "Agreement") with Prime Natural Resources, Inc. of Houston, Texas ("Prime") for the sale to Prime of all of PCHL's shares and other interests in PCHL's subsidiaries, Rubiales Oil BV, Turnsector Limited and Coplex Colombia Limited, and in the Operator of the Rubiales Oilfield , Tethys Petroleum Company Limited, which together hold a 100% interest in the Rubiales license. The sale of the shares in Tethys is being made following enforcement by PCHL in May of its security in respect of a US$600,000 loan to Tethys which is in default.

Pursuant to the Agreement, Prime has undertaken to fund payment of outstanding debts and liabilities owing to vendors and suppliers by Tethys and PCHL's subsidiaries, primarily in Colombia, and which at present are estimated to exceed US$3 million. Prime has also agreed to make a cash payment of US$2 million to PCHL.

The sale is being made by PCHL because of the deteriorating situation at the Rubiales Oilfiled and the inability of the Company to provide funding to PCHL and its subsidiaries to resolve the situation. This situation has become increasingly serious over a period of months due to a combination of factors, including the Operator's failure to pay vendors and suppliers, inadequate financial reporting by the Operator and unauthorized transaction by the Operator. The Operator's actions have led to the disruption of operations at the field, and consequent reduction of production and revenues, and raised serious concerns about the personal safety of individuals working at the field and the Company's staff in Colombia.

On completion of the sale, anticipated to occur within the next 10 days, PCHL is expected to use most of the US$2 million it will receive from Prime to repay, on a rateable basis, a portion of the approximately US$2.8 million it owes to the Company's wholly-owned subsidiary PXV Holdings Limited, and the approximate US$3.2 million it owes to Northern Oil ASA.

Management estimates that the loan repayment to PXV Holdings Limited could result in eventual recovery to the Company of approximately US$900,000. After payment of outstanding liabilities at the Company, it is anticipated that the Company will be liquidated.

5. FULL DESCRIPTION OF MATERIAL CHANGE

Please see the press release attached hereto as Appendix "A".

6. RELIANCE ON CONFIDENTIALITY SECTION OF THE ACT

Not applicable.

7. OMITTED INFORMATION

Not applicable.

8. STATEMENT OF SENIOR OFFICER

Further information regarding the matters described in this report may be obtained from Henrik Christensen, the Company's Director and Non-executive Chairman of Oslo, Norway, who is knowledgeable about the details of the material change and may be contacted at +47-210-210-00.

The foregoing accurately discloses the material change referred to herein.

DATED at Oslo, Norway this 3rd day of July, 2002.

PETROLEX ENERGY CORPORATION

By: "John M. Dahlen"

John M. Dahlen
President and C.E.O.

Appendix "A"

PETROLEX ENERGY CORPORATION

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NEWS RELEASE

SALE OF RUBIALES COLOMBIA

June 25, 2002 Trading Symbol: **PXV-T**

PETROLEX ENERGY CORPORATION (the "**Company**" or "**Petrolex**"), announces that Petrolex Colombia Holdings Limited ("**PCHL**"), its indirectly held Cayman Islands subsidiary, has entered into an agreement (the "**Agreement**") with Prime Natural Resources, Inc. of Houston, Texas ("**Prime**") for the sale to Prime of all of PCHL's shares and other interests in its subsidiaries, Rubiales Oil B.V., Turnsector Limited and Coplex Colombia Limited and in the Operator of the Rubiales Oilfield, Tethys Petroleum Company Limited (collectively, the "**Rubiales Companies")**, which together hold a 100% interest in the Rubiales license. The sale of the shares in Tethys is being made following enforcement by PCHL in May of its security in respect of a US$600,000 loan to Tethys which is in default.

Prime is a private Houston-based oil and gas exploration and production company presently with oil and gas production in Louisiana, Texas and offshore in the US Gulf Coast. Prime is a wholly-owned subsidiary of Elliott Associates, a large US private investment fund based in New York and London, England.

The Agreement has been reached following negotiations since early June with several potential purchasers of Rubiales in Colombia and elsewhere.

Pursuant to the Agreement, Prime has undertaken to fund payment of outstanding debts and liabilities owing to vendors and suppliers by Tethys and PCHL's subsidiaries, primarily in Colombia, and which at present are estimated to exceed US$3 million. Prime has also agreed to make a cash payment of US$2 million to PCHL.

Pursuant to the Agreement, Northern Oil ASA ("**Northern**"), Petrolex and PCHL will release any claims they may have against the Rubiales Companies other than US$200,000 loaned by Northern in May on an interim basis. Petrolex will indemnify Prime in respect of any claims which may be made in connection with the sale of shares in Tethys.

Subject to satisfaction of certain conditions, completion of the transaction is expected to occur within the next 10 days.

The sale is being made by PCHL because of the deteriorating situation at the Rubiales Oilfield and the inability of Petrolex to provide funding to PCHL and its subsidiaries to resolve the situation. This situation has become increasingly serious over a period of months due to a combination of factors, including the Operator's failure to pay vendors and suppliers, inadequate financial reporting by the Operator and unauthorized transactions by the Operator. The extent of much of the foregoing became known to Petrolex management on receipt of a preliminary report at the end of April of a review conducted in the previous two months by an independent accounting firm in Colombia, at which time steps were taken to remove control of the Operator from its former owners.

The Operator's actions have led to the disruption of operations at the field, and consequent reduction of production and revenues, and raised serious concerns about the personal safety of individuals working at the field and Petrolex's staff in Colombia. As announced on May 29, 2002, these circumstances have placed the Rubiales license in jeopardy unless remedial action is taken immediately. Cancellation of the license by the Colombian authorities would most likely result in a complete loss to Petrolex and its subsidiaries.

On completion of the sale, PCHL is expected to use most of the US$2 million it will receive from Prime to repay, on a rateable basis, a portion of the approximately US$2.8 million it owes to Petrolex's wholly-owned subsidiary, PXV Holdings Limited, and the approximate US$3.2 million it owes to Northern.

Management estimates that the loan repayment to PXV Holdings Limited could result in eventual recovery to Petrolex of approximately US$900,000. After payment of outstanding liabilities at Petrolex, it is anticipated that Petrolex will be liquidated

By Order of the Board
PETROLEX ENERGY CORPORATION

"Henrik Christensen"

Henrik Christensen
Chairman

<u>For further information please contact:</u>

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This news release may contain certain forward looking statements that reflect current views and/or expectations with respect to Petrolex's business and future

events. Such statements are subject to a number of risks, uncertainties and assumptions. Actual events and results may vary significantly.