FORM 27

Securities Act (Ontario)

MATERIAL CHANGE REPORT UNDER SECTION 75(2) OF THE ACT

1. **Reporting Issuer:**

   Exall Resources Limited
   8 King Street East
   Suite 1700
   Toronto, Ontario M5C 1B5

2. **Date of Material Change:**

   July 25, 2001

3. **Publication of Material Change**:

   Press Release issued July 26, 2001

4. **Summary of Material Change**:

   Exall Resources Limited ("**Exall**") announced on July 26, 2001 that an agreement has been reached to purchase certain oil and gas assets in central Alberta for $72,500,000. The acquisition will be effective as of January 1, 2001 for revenue adjustment purposes and interest on the purchase price from that date will accrue to the vendor.

5. **Full Description of Material Change:**

   Exall announced that an agreement has been reached to purchase certain oil and gas assets in central Alberta for $72,500,000. The acquisition will be effective as of January 1, 2001 for revenue adjustment purposes and interest on the purchase price from that date will accrue to the vendor. Exall began looking for oil and gas assets in Alberta some years ago to augment cash flow from mining activities. Exall formalized relations with Kicking Horse Resources Ltd. ("**KHL**") in the past year in order to jointly search for acquisition targets. Exall will acquire a 30% interest in the transaction from KHL with financing, in part, from existing cash reserves and bank debt. Exall is also in discussions with investment bankers who have expressed interest in a "flow-through share financing."

   The acquisition is subject to the approval of the Court of Queen's Bench of Alberta. The Companies will release further details on the acquisition following final court approval.

Independent engineering evaluation of the assets estimates total proved reserves to be 4.0 million barrels of crude oil and natural gas liquids and 21.6 billion cubic feet of natural gas. Current production from the purchased assets is approximately 3,079 barrels of crude oil and natural gas liquids per day and 12.3 million cubic feet of gas per day, for a total of 4,300 barrels of oil equivalent (BOE) per day. Kicking Horse has received an independent environmental audit indicating the total environmental liabilities associated with the acquisition to be approximately $22,600,000. Also included in the acquisition are proprietary 2D and 3D seismic data covering approximately 145 square kilometers and significant successored tax pools.

Senior Officer:

Edward J. Badida
Vice-President, Finance
Telephone: (416) 368-3949

I, Edward J. Badida, Vice-President, Finance, certify that the foregoing accurately discloses the material change referred to herein.

Signed at Toronto, Ontario this 8th day of August, 2001.

"Edward J. Badida"

Edward J. Badida, Vice-President, Finance
Exall Resources Limited

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THIS REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.