

## FORM 27

*Securities Act (British Columbia)*

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

#### **Item 1. Reporting Issuer**

The full name, address, telephone number and the principal office in Canada of the Reporting Issuer is:

Hedong Energy Inc.  
Registered Office:  
Penthouse 1, 945 Marine Drive  
West Vancouver, B.C. V7T 1A8  
Telephone: (604) 926-1120

#### **Item 2. Date of Material Change**

June 20, 2000

#### **Item 3. News Release**

A news release issued pursuant to Section 85(1) of the Act announcing the material change described below was obtained for filing to the Canadian Venture Exchange (Corporate Finance Services Dept.) and for additional dissemination to Vancouver Stockwatch, The George Cross Newsletter and Market News Publishing Inc. on June 20, 2000.

#### **Item 4. Summary of Material Change**

The issuer has announced the following:

DRILLING PROGRAM COMMENCED AT LIULIN COALBED METHANE GAS PROJECT,

#### **Item 5. Full Description of Material Change**

Hedong Energy, holders of 19.45% of the outstanding capital in Molopo Australia NL, wish to announce the following news release as recently announced by Molopo Australia:

Molopo Australia commenced a pilot production test drilling program at its Liulin coalbed methane gas project in China with the spudding of the LW-L1 well on May 30<sup>th</sup>, 2000.

The Company's 4 well pilot production test has been designed to test production rates and suitable completion techniques at Liulin, where an earlier 3 well exploration programme indicated a substantial in-place coalbed methane gas resource.

The programme involves drilling 3 new wells, the hydraulic fracture stimulation (using different technologies) of those wells, followed by the cavity completion of the Company's existing HW-LIB well. The drilling and stimulation programme is expected to take approximately 8 weeks.

The LW-L1 well, at the Company's Liulin coalbed methane project in China, reached total depth on June 13<sup>th</sup>, 2000. The well was cased and prepared for fracture stimulation, which will occur after the drilling of LW-L2 and LW-L3 wells. The target seam 8 was intersected as prognosed at a depth of 664-673 metres.

Spudding of the LW-L2 well is expected to commence after geophysical logging of LW-L1.

After the drilling and stimulation of all 4 wells in the pilot program, Molopo will conduct a 6-12 month production test.

**Item 6. Reliance on Section 85(2) of the Act**

The Report is not being filed on a confidential basis in reliance on Section 85(2) of the Act.

**Item 7. Omitted Information**

No information has been omitted from this Report on the basis that the Reporting Issuer believes that such information should remain confidential.

**Item 8. Senior Officers**

The name and business telephone number of a senior officer of the Reporting Issuer who is knowledgeable about the material change and this Report is:

Dr. David King  
President  
Hedong Energy Inc.  
Telephone: (international) 61 2 9232 4158 or Fax 61 2 9232 8797.

**Item 9. Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED June 20, 2000

**“Andrew Metcalfe” (signed)**

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Andrew W. Metcalfe, Corporate Secretary  
HEDONG ENERGY INC.

# NEWS RELEASE

**JUNE 20, 2000**

**(FOR IMMEDIATE RELEASE)**

**HEDONG ENERGY INC. (CDNX: HE)**

Level 14, 31 Queen Street  
Melbourne Vic. 3000  
AUSTRALIA

For further information regarding this Release, contact:

**Dr. David King** (*Chief Executive*) in Sydney: Telephone 61 2 9232 4158 or Facsimile 61 2 9232 8797  
**Mr. Andrew Metcalfe** (*Secretary*) in Melbourne: Telephone 61 3 9620 9800 or Facsimile 61 3 9620 2804

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**DRILLING PROGRAM COMMENCED AT LIULIN COALBED METHANE GAS PROJECT, CHINA**

Hedong Energy, holders of 19.45% of the outstanding capital in Molopo Australia NL, wish to announce the following news release as recently announced by Molopo Australia:

Molopo Australia commenced a pilot production test drilling program at its Liulin coalbed methane gas project in China with the spudding of the LW-L1 well on May 30<sup>th</sup>, 2000.

The Company's 4 well pilot production test has been designed to test production rates and suitable completion techniques at Liulin, where an earlier 3 well exploration programme indicated a substantial in-place coalbed methane gas resource.

The programme involves drilling 3 new wells, the hydraulic fracture stimulation (using different technologies) of those wells, followed by the cavity completion of the Company's existing HW-LIB well. The drilling and stimulation programme is expected to take approximately 8 weeks.

The LW-L1 well, at the Company's Liulin coalbed methane project in China, reached total depth on June 13<sup>th</sup>, 2000. The well was cased and prepared for fracture stimulation, which will occur after the drilling of LW-L2 and LW-L3 wells. The target seam 8 was intersected as prognosed at a depth of 664-673 metres.

Spudding of the LW-L2 well is expected to commence after geophysical logging of LW-L1.

After the drilling and stimulation of all 4 wells in the pilot program, Molopo will conduct a 6-12 month production test.

**Andrew Metcalfe**

*Corporate Secretary - Hedong Energy Inc.*

**DISCLAIMER**

The Vancouver Stock Exchange has not reviewed, and does not accept responsibility for, the adequacy or accuracy of this News Release.