

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

July 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 July 20, 2000.

Item 4. Summary of Material Change

The issuer has announced the following:

SPECIAL MEETING OF SHAREHOLDERS CALLED

Item 5. Full Description of Material Change

The directors of Hedong Energy Inc. have called a special meeting of shareholders to be held in the Second Floor Board Room, Montreal Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia, on Friday, 25 August 2000 at 10:00 a.m. (Vancouver time).

The purpose of the meeting is to consider, and if thought fit pass, with or without variation, the following resolutions:

1. A Special Resolution to reduce the stated capital of the Corporation by distributing to the shareholders of the Corporation, on a pro rata basis, securities of Molopo Australia N.L. owned by the Corporation.
2. An Ordinary Resolution of the disinterested shareholders approving the reduction of capital and distribution referred to in (1) above;
3. A Special Resolution reducing the stated capital of the Corporation by the elimination of the Corporation's deficit remaining after the capital reduction and distribution to shareholders referred to in (1) above.
4. An ordinary resolution of the disinterested shareholders approving and authorizing the setting aside and reservation of up to 20% (2,119,160) of the Corporation's issued shares for options to be granted to directors, officers, employees and other qualified persons, and authorizing and approving any stock options which may be granted, any stock option plans which may be established, and all amendments of such stock options and plans; and
5. An ordinary resolution authorizing and approving any private placements affecting control or deemed control of the Corporation.

With respect to resolutions 1 and 2, the Corporation understands that under Canadian income tax law the proposed capital distribution may be treated as subject to taxation on the same basis as if the distribution were a dividend. The Corporation has instructed its advisors to apply to the Canada Customs and Revenue Agency for a ruling to the effect that the distribution would not be a taxable event.

The Notice of Meeting, Management Proxy Circular and appendices to the Management Proxy Circular including a paper detailing the operations and financial position of Molopo Australia NL are being sent to shareholders.

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 July 20, 2000

“Andrew Metcalfe” (signed)

Andrew W. Metcalfe, Corporate Secretary
HEDONG ENERGY INC.

NEWS RELEASE

JULY 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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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.