MATERIAL CHANGE REPORT

UNDER SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)
UNDER SECTION 146(1) OF THE SECURITIES ACT (ALBERTA)
UNDER CLAUSE 84(1)B OF THE SECURITIES ACT (SASKATCHEWAN)
UNDER SECTION 75(2) OF THE SECURITIES ACT (ONTARIO)
UNDER SECTION 81(2) OF THE SECURITIES ACT (NOVA SCOTIA)
AND SIMILAR PROVISIONS OF OTHER PROVINCIAL SECURITIES LEGISLATION

1. **Reporting Issuer:**

Bow Valley Energy Ltd.
#1200, 333 - 7th Avenue S.W.
Calgary, Alberta T2P 2Z1

2. **Date of Material Change:**

July 2, 2002

3. **News Release:**

A press release disclosing the nature and substance of the material change was issued on July 3, 2002 through the facilities of Canada Newswire.

4. **Summary of Material Change:**

Bow Valley Energy Ltd. ("Bow Valley") and Boundary Creek Resources Ltd. ("Boundary Creek") have entered into an agreement (the "Acquisition Agreement") dated July 2, 2002, pursuant to which Bow Valley has agreed to make an offer to purchase all of the issued and outstanding common shares of Boundary Creek (the "Boundary Shares").

Bow Valley has entered into a bought deal underwriting agreement with FirstEnergy Capital Corp., Scotia Capital Inc. and Peters & Co. Limited (collectively, the "Underwriters") to purchase 5,000,000 subscription receipts of Bow Valley (the "Subscription Receipts") at a price of $1.45 per Subscription Receipt. The Underwriters have been granted an option to acquire up to an additional 2,000,000 Subscription Receipts at a price of $1.45 per Subscription Receipt prior to closing of the financing. Each Subscription Receipt will entitle the holder thereof to receive one Class "A" common share of Bow Valley ("Bow Valley Share") upon Bow Valley taking up any Boundary Shares pursuant to the offer for Boundary Shares.

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

Proposed Acquisition

On July 2, 2002, Bow Valley and Boundary Creek entered into the Acquisition Agreement, pursuant to which Bow Valley agreed to make an offer (the "Offer") to purchase all of the issued and outstanding Boundary Shares, including all Boundary Shares which may be issued upon exercise of options and warrants to purchase Boundary Shares, on the basis of, at the election of each holder of Boundary Shares, $2.40 in cash per Boundary Share (subject to an aggregate maximum of $9,875,000) or 1.5 Bow Valley Shares per Boundary Share, or a combination thereof. The Offer is subject to certain conditions including, among other things, that at least 66 2/3% of the outstanding Boundary Shares (calculated on a fully diluted basis) have been validly deposited under the Offer and not withdrawn prior to the expiry time of the Offer and at the time Bow Valley first takes up Boundary Shares under the Offer.

Bow Valley has also entered into lock-up agreements with certain shareholders of Boundary Creek who in aggregate hold 3,258,248 Boundary Shares pursuant to which such shareholders have agreed to tender their Boundary Shares to the Offer, and not to withdraw such shares from the Offer except in certain circumstances. The 3,258,248 Boundary Shares owned by such shareholders represent approximately 40% of the total number of Boundary Shares issued and outstanding.

Boundary Creek's board of directors has determined unanimously that the Offer is fair to the Boundary Creek shareholders, is in the best interests of Boundary Creek and the Boundary Creek shareholders and will recommend that shareholders of Boundary Creek accept the Offer. The board of directors of Boundary Creek has received a verbal opinion from its financial advisor that the Offer is fair, from a financial point of view, to the Boundary Creek shareholders. The Boundary Creek board of directors has represented that its financial advisor will provide a written fairness opinion to such effect to be included in the Boundary Creek directors' circular relating to the Offer.

Boundary Creek is a Calgary based oil and gas exploration and production company whose common shares trade on the TSX Venture Exchange. Boundary Creek has a focused, gas weighted asset base with two core areas: West Central Alberta and the Peace River Arch, with several development drilling opportunities. Boundary Creek possesses a significant seismic database of approximately 7,000 kms with approximately 21,000 net undeveloped acres of land. Boundary Creek's current production is approximately 1,125 barrels of oil equivalent (BOE) on a 6:1 basis (77 percent natural gas or 5.25 mmcf/d). Based on Boundary Creek's January 1, 2002 independent engineering reserves report, Boundary Creek had 2.677 million BOE proven reserves and 2.94 million BOE established reserves. Based on these reserves and current production rates, the acquisition cost parameters on a 6:1 basis are $9.53 per proven BOE, $8.67 per established BOE and $22,666 per producing BOE/d. As of July 2, 2002, there were 8,153,734 Boundary Shares issued and outstanding.

Under the Acquisition Agreement, Boundary Creek has agreed not to solicit, initiate or encourage any inquiries or proposals regarding any merger, amalgamation, purchase of outstanding shares, sale of substantial assets, sale of treasury shares or similar transactions involving Boundary Creek (an "Acquisition Proposal") or provide any confidential information to, participate in any discussions or negotiations relating to any such transactions with, or otherwise cooperate with or assist or participate in any effort to take such action by, any entity, other than Bow Valley; provided, however, that the foregoing shall not prevent the board of directors of Boundary Creek from responding as required by law or pursuant to their fiduciary duties to any unsolicited written submission or proposal regarding a financially more favourable proposed transaction.

Boundary Creek has further agreed to immediately notify Bow Valley of any future Acquisition Proposal or any request for non-public information relating to Boundary Creek in connection with an Acquisition Proposal or for access to the properties, books or records of Boundary Creek by any person or entity that informs any member of the board of directors of Boundary Creek that it is considering making, or has made, an Acquisition Proposal.

Boundary Creek has covenanted that it will not enter into any agreement regarding an Acquisition Proposal without providing Bow Valley with an opportunity to amend the Offer to provide that the shareholders of Boundary Creek shall receive a value per Boundary Share (as determined by

Boundary Creek's board of directors, acting reasonably) equal to or having a value greater than the value per Boundary Share provided in such Acquisition Proposal. Boundary Creek has covenanted to provide Bow Valley with a copy of any proposed agreement as executed by the party making the proposal, at least 48 hours prior to its proposed execution by Boundary Creek. If, prior to the expiry of such 48 hour period, Bow Valley advises the board of directors of Boundary that it will amend the Offer as provided above, Boundary Creek has covenanted to not enter into the Proposed Agreement.

As part of the Acquisition Agreement, Boundary Creek has agreed to pay to Bow Valley liquidated damages in the amount of $850,000 in certain circumstances.

The Acquisition Agreement may be terminated: (i) by mutual written consent of Bow Valley and Boundary Creek, (ii) by either Bow Valley or Boundary Creek after September 30, 2002 if Bow Valley has not purchased Boundary Shares pursuant to the Offer, (iii) by either Bow Valley or Boundary Creek upon the receipt by Bow Valley of the break fee, or (iv) by Boundary Creek, if Bow Valley does not make the Offer as provided in the Acquisition Agreement, provided that no event giving rise to the payment of the break fee has occurred.

The Acquisition Agreement also contains customary representations and warranties on behalf of each party to the other party. In addition, Boundary Creek has covenanted to conduct its business in the usual and ordinary course consistent with past practice.

Private Placement Financing

Bow Valley has entered into a bought deal underwriting agreement with the Underwriters in which the Underwriters have agreed to purchase 5,000,000 Subscription Receipts at a price of $1.45 per Subscription Receipt. The Underwriters have been granted an option to acquire up to an additional 2,000,000 Subscription Receipts at a price of $1.45 per Subscription Receipt prior to closing of the financing. Each Subscription Receipt will entitle the holder thereof to receive one Bow Valley Share upon Bow Valley taking up any Boundary Shares pursuant to the Offer. In the event that Bow Valley has not taken up any Boundary Shares under the Offer on or before September 30, 2002, the issue price of the outstanding Subscription Receipts will be refunded to subscribers on the basis of $1.45 per Subscription Receipt plus the accrued interest thereon.

Proceeds from the private placement will be utilized in the acquisition of Boundary Creek, expansion of ongoing exploration and development activities and for general corporate purposes.

6. **Reliance on Confidentiality Provision:**

Not Applicable

7. **Omitted Information:**

Not Applicable

8. **Senior Officer:**

C. Dean Setoguchi
Vice President, Finance
Phone: (403) 232-0292
Fax: (403) 232-8920

9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to in this report.

DATED July 12, 2002, at the City of Calgary, in the Province of Alberta.

BOW VALLEY ENERGY LTD.

By: (Signed) *C. Dean Setoguchi*
Vice President, Finance