

FORM 27

SECURITIES ACT - BRITISH COLUMBIA

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

1. Reporting Issuer

**Canoro Resources Ltd. (the "Company")  
Suite 1450, 840 - 7<sup>th</sup> Avenue  
Calgary, Alberta T2P 3G2**

**Telephone: (403) 543-5747**

2. Date of the material change

**February 9, 1999, February 19, 1999, June 1, 1999, June 22, 1999, October 21, 1999,  
November 17, 1999, December 6, 1999, and December 31, 1999.**

3. Press Release

**The Company issued press releases on February 9, 1999, February 19, 1999, June 1, 1999, June 22, 1999, October 21, 1999, November 17, 1999, December 6, 1999, and December 31, 1999.**

4. Summary of material change

**See attached Schedule "A".**

5. Full description of material change

**See attached Schedule "B".**

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

**Not applicable.**

7. Omitted information

**Not applicable.**

8. Senior officers

<b>Donald Staus, President and Chief Executive Officer 1450 - 840 7<sup>th</sup> Avenue SW Calgary, AB T2P 3G2 Telephone (403) 543-5747</b>	<b>Brian M. Hearst, Chief Financial Officer and Corporate Secretary 1450 - 840 7<sup>th</sup> Avenue SW Calgary, AB T2P 3G2 Telephone (403) 543-5747</b>
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9. Statement of senior officer

**The foregoing accurately discloses the material change referred to herein.**

DATED at Calgary, Alberta this 3<sup>rd</sup> day of April, 2000.

**"*Brian M. Hearst*"**

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Brian M. Hearst  
Corporate Secretary & Chief Financial Officer

## SCHEDULE "A"

### 4. Summary of material change

#### **February 9, 1999**

The Company announces a private placement of 100,000 special warrants at \$0.60 per special warrant.

#### **February 19, 1999**

The Company assigned a Production Sharing Contract with the Government of India.

#### **June 1, 1999**

The Company announces results of an engineering report for the Dergaon #1 well in Assam, India.

#### **June 22, 1999,**

The Company announces a private placement for 4,000,000 special warrants at \$1.45 each for gross proceeds of 5.8 million dollars.

#### **October 21, 1999,**

The Company announces a private placement of 4,000,000 units at \$1.25 each for gross proceeds of \$5,000,000.00.

The Company will not be proceeding with the special warrant financing previously announced on June 22, 1999.

#### **November 17, 1999,**

The Company announces the formal signing of Joint Operating Agreement with the Government of India.

#### **December 6, 1999,**

The Company announces the appointment of Alain LeBis as Vice-President of Exploration.

#### **December 31, 1999.**

384,000 employee and director stock options granted at a price of \$0.61 per share.

## SCHEDULE "B"

### 5. Full description of material change

#### **February 9, 1999**

The Company announces it has negotiated a private placement of up to 400,000 special warrants at a price of \$0.60 per special warrant. Each special warrant is exercisable, at no additional cost to the holder, into one unit, each unit consisting of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire an additional common share at a price of \$0.70 per share for a period of one year from the date of issue.

The special warrants will be automatically exercised on the earlier of the fifth day following the issuance of a receipt for a prospectus qualifying the units issuable upon exercise of the special warrants or one year from the date of issue.

There is no obligation on the Company to file a prospectus to qualify the distribution of the units upon exercise or deemed exercise of the special warrants. There will be no commission paid on the private placement of the special warrants. The net proceeds of up to \$240,000 will be used for corporate working capital.

#### **February 19, 1999**

The Company has signed a Production Sharing Contract with the Government of India on exploration block AA-ON/7 located in Assam State in Northeast India. The Company's Canadian consortium has acquired a 65% working interest and operatorship in the block along with their Indian partner. The consortium is responsible for 100% of the costs required during the first two phases of the project. Phase One (up to two years) to select a drilling location, at an estimated cost of \$500,000 US, and Phase Two (up to three more years) to drill an exploratory well, at an estimated cost of \$1,000,000 US. The consortium will recover 100% of its costs incurred during phases one and two from production sales before reverting to a 65% working interest.

#### **June 1, 1999**

- (a) The Company announces the results of an independent engineering report prepared for the Dergaon #1 well located on exploration block AA-ON/7 in Assam State, Northeast India. The exploration block is 1,934 sq. km. and is surrounded by proven hydrocarbon producing fields with a combined estimated oil production rate of 45,000 B/d. Five wells were previously drilled on the block.

Schlumberger Moscow's log analysis of the Dergaon #1 well reveals multiple gas bearing sand zones resulting in 53 metres of net gas pay, and an additional lower 80 metre section which also tested gas but is not included in this report due to logging tool failure which the Company plans to correct by re-logging the well at a later date.

Total gross proven non-producing marketable gas reserves of 23.6 Bcf have been estimated for the Middle Dergaon group of well Dergaon #1. Total gross proven plus probable marketable reserves of 137.2 Bcf have been estimated for the

immediate area around the Dergaon #1 well. This consists of 66.2 Bcf from the Dergaon #1 well and an additional 70.9 Bcf in three step-out locations from Dergaon #1. Net to Canoro's appraised interest of 35% the cumulative cash flow before income tax, Proven Plus 50% Probable is \$72 million (not discounted), \$29 million (discounted 10%) and \$22 million (discounted 15%) expressed in Canadian dollars. The above numbers are net and have accounted for the drilling, completion and pipelining costs required for the project.

The Dergaon #1 well was drilled on a 100 square km. basement high delineated by magnetic mapping, seismic and well penetrations. The block is close to markets for oil and gas with gas pricing in the U.S. \$ 2.50 per Mcf range. A well established and extensive under-utilized oil and gas pipeline infrastructure currently exists in this area. Production from the proven zones is anticipated to reach an initial rate of 5,000 Mcf/d based on the reservoir characteristics of the multiple pay zones of the Middle Dergaon group. In addition, production from the probable zones is anticipated to reach an initial rate of 7,500 Mcf/d due to the proportionally thicker pay zones. Production from the three step-out locations is anticipated at an initial rate of 5,000 Mcf/d per well. The production from the thicker probable zones seen in the Dergaon#1 well are not included in the step out locations but this is only an assumption made for risk analysis. Canoro holds a 35% working interest in this PSC which has a duration of 25 years extendible to 35 years.

- (b) The Company is currently negotiating a (Cdn.) \$5.8 million dollar special warrant financing to fund its increasing oil and gas activities in India.

#### **June 22, 1999,**

The Company has entered into an agreement to issue up to 4,000,000 special warrants at \$1.45 (Canadian) on a private placement basis for gross proceeds of \$5,800,000. Each special warrant entitles the holder to acquire, at no additional consideration, one common share of the Company at any time up to December 31, 2000.

The offering is made through a syndicate of underwriters led by Jennings Capital Inc. (Calgary) and including IPO Capital Corp. (Toronto) and Clubb Capital Limited (London, England) (collectively the "Agents"). The Agents shall be entitled to a commission equivalent to 7 ½% of gross proceeds and Agents warrants equal to 7 ½% of the special warrants issued on the same terms. The proceeds from the issue will be used by the Company to finance its continuing exploration, development and acquisition efforts in India.

The Company has undertaken to use its best efforts to qualify the distribution of common shares upon exercise of the special warrants and Agents Warrants through receipts of a prospectus in Ontario, Alberta and British Columbia within 180 days of closing. In the event that receipts are not received within 180 days of closing each holder resident in a province where a receipt has not been obtained shall be entitled to receive 1.1 common shares per special warrant exercised. The offering is expected to close on or about July 12, 1999.

**October 21, 1999,**

The Company has entered into an agreement to issue up to 4,000,000 units at \$1.25 (Canadian) on a private placement basis for gross proceeds of \$5,000,000. Each unit entitles the holder to acquire, at no additional consideration, one common share of Canoro and five sevenths (5/7) of a share purchase warrant at the time of issue. One full share purchase warrant entitles the holder to acquire one common share at \$1.75 for a term of two (2) years from the date of issue. If all share purchase warrants are exercised, Canoro will receive additional gross proceeds of \$5,000,000.

Clubb Capital Limited, a corporate finance firm based in London, England, is managing the private placement as agent on a reasonable best efforts basis. Clubb Capital shall be entitled to a commission equivalent to 7 ½% of gross proceeds from the units, and broker warrants equal to 10% of the units issued, with the same exercise and expiry terms as the units.

The proceeds will be used by the Company to finance its continuing exploration, development and acquisition efforts in India.

The Company will not be proceeding with the special warrant financing previously announced on June 22, 1999.

**November 17, 1999**

The Company announces the formal signing of the Joint Operating Agreement for Exploration Block AA-ON/7 with the Government of India, November 11, 1999 in New Delhi, India.

**December 6, 1999**

The Company announces the appointment of Mr. Alain LeBis as Vice-President of Exploration, to work with the Company on its oil and gas properties in India.

Mr. LeBis has 30 years of domestic and international experience in the oil and gas industry, including Exploration Manager for BP Canada. Mr. LeBis has worked for various major international and Canadian oil companies in the departments of exploration, economics, and management. He has worked in several countries in Europe, North America, and Africa. For the past five years, Mr. LeBis has been a self-employed oil exploration consultant, providing services in Tunisia, Nigeria, Angola, and Morocco.

**December 31, 1999**

Subject to the approval of the Canadian Venture Exchange, the Company announces granting of employee and director stock options for 384,000 shares at a price of \$0.61 per share.