MATERIAL CHANGE REPORT

Section 118(1) of the *Securities Act* (Alberta)

ITEM 1 Reporting Issuer:

The reporting issuer is Nevarro Energy Inc. ("Nevarro").

ITEM 2 Date of Material Change:

The date of the Material Change was June 16, 2000.

ITEM 3 News Release:

The news release announcing the Material Change was issued on June 19, 2000 through Canada Stockwatch and filed with the Alberta Securities Commission, British Columbia Securities Commission and Canadian Venture Exchange on June 19, 2000.

ITEM 4 Summary of Material Change:

Nevarro has agreed to amend the terms of its proposed major transaction, the acquisition of 849221 Alberta Ltd. ("849221"). Subject to regulatory and shareholder approval, Nevarro will acquire all of the issued and outstanding shares of 849221 in consideration for $2,520,000 payable by the issuance of 7,650,000 common shares of Nevarro. As a result, the 7,650,000 common shares will be issued by Nevarro at a deemed price of approximately $0.33 per common share. As Nevarro had previously announced the proposed acquisition of 849221 as its major transaction prior to March, 2000, this transaction will still be pursuant to ASC Rule 46-501 and Companion Policy 46-501CP and former junior capital pool policies of The Canadian Venture Exchange. At the close of the transaction Nevarro will have no debt, a cash balance of approximately $290,000, and 13,950,000 common shares outstanding.

Nevarro also proposes to consolidate all of the issued and outstanding common shares following the major transaction on a 3 to 1 basis. The proposed consolidation is subject to regulatory and shareholder approval. If approved, Nevarro will have a total of 4,650,000 common shares issued and outstanding.

ITEM 5 Full Description of Material Change:

Nevarro agreed to amend the terms of its proposed major transaction, the acquisition of 849221 Alberta Ltd. ("849221"). Subject to regulatory and shareholder approval, Nevarro will acquire all of the issued and outstanding shares of 849221 in consideration for $2,520,000 payable by the issuance of 7,650,000 common shares of Nevarro. As a result, the 7,650,000 common shares will be issued by Nevarro at a deemed price of approximately $0.33 per common share. The value of the petroleum and natural gas interests held by 849221 has been valued by independent engineering consultants at $3,301,617 using constant prices and discounted at 15% for proven plus 50% risked probable reserves. The present value of the proven reserves using constant prices and discounted at 15% is $2,830,548. The consideration of $2,520,000 is approximately equal to the value of the proven plus 50% risked probable reserves, with the proven undeveloped reserves risked by a further 50%. At the close of the transaction Nevarro will have no debt, a cash balance of approximately $290,000, and 13,950,000 common shares outstanding. As Nevarro had previously announced the proposed acquisition of 849221 as its major transaction prior to March, 2000, this transaction will still be pursuant to ASC Rule 46-501 and Companion Policy 46-501CP and former junior capital pool policies of The Canadian Venture Exchange.

In addition, the board of directors of Nevarro believes that, having regard to the large number of common shares outstanding following the proposed major transaction, it would be in the best interest of Nevarro and its shareholders to consolidate all of the issued and outstanding common shares following the major transaction on a 3 to 1 basis in order to improve the marketability of the common shares and to facilitate any future financing. Management believes Nevarro will be better able to respond to the demands of the capital markets once the consolidation has been effected. The proposed consolidation is subject to regulatory and shareholder approval. If approved, Nevarro will have a total of 4,650,000 common shares issued and outstanding.

ITEM 6 Reliance on Section 118(2) of the Securities Act:

Not applicable.

ITEM 7 Omitted Information:

No significant facts have been omitted.

ITEM 8 Senior Officers

R. C. (Rick) Bennett, President may be contacted for further information at (403) 231-1235 (phone).

ITEM 9 Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

Dated at Calgary, Alberta this 21st day of June, 2000.

Per: *"R. C. Bennett"*
R. C. (Rick) Bennett, President