MATERIAL CHANGE REPORT

1. Reporting Issuer:

Nevarro Energy Ltd.
1600, 840 - 7th Avenue S.W.
Calgary, Alberta
T2P 3G2

2. Date of Material Change:

December 12, 2001
December 18, 2001

3. Press Release

A press release announcing the offering described herein was released on December 6, 2001.

4. Summary of Material Change:

On December 12, 2001 Nevarro Energy Ltd. ("Nevarro") completed a private placement of 1,032,500 flow-through common shares in the capital of the Corporation at $1.00 per share and 600,000 Units at $0.90 per Unit.

On December 18, 2001 Nevarro completed a private placement of an additional $135,000 flow-through common shares at a price of $1.00 per share.

Proceeds raised were $1,167,500 from the sale of flow-through shares and $540,000 from the sale of Units for aggregate proceeds of $1,707,500 before expenses.

5. Full Description of Material Change:

On December 12, 2001 Nevarro completed a private placement of 1,032,500 flow-through common shares in the capital of the Corporation at $1.00 per share and 600,000 Units at $0.90 per Unit. Each Unit is comprised of one common share and one common share purchase warrant. The warrants have an exercise price of $1.05 and will expire December 13, 2002.

On December 18, 2001 Nevarro completed a private placement of an additional $135,000 flow-through common shares at a price of $1.00 per share.

Proceeds raised were $1,167,500 from the sale of flow-through shares and $540,000 from the sale of Units for aggregate proceeds of $1,707,500 before expenses.

The proceeds will be used for qualifying expenditures under the Income Tax Act (Canada) and for working capital.

Nevarro currently has a total of 6,417,500 common shares outstanding.

Nevarro is a public, Alberta-based oil and gas company engaged in the exploration for, and development and production of, oil and gas in western Canada.

6. Reliance on Section 118(2) of the *Securities Act* (Alberta) and Section 75(3) of the *Securities Act* (Ontario):

Not applicable.

7. Omitted Information

Not applicable.

8. Senior Officers:

For further information, contact the following officer:

Mr. J.W. Grant Roberson
Vice-President, Business Development

Telephone: (403) 231-1230
Fax: (403) 264-7304

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

DATED at the City of Calgary, in the Province of Alberta, this 21st day of December, 2001.

NEVARRO ENERGY LTD.

Per: *"Roger MacLeod"*
Director