

FORM 53-901F (Previously Form 27)

Securities Act

Material Change Report Under Section 85(1) of the Act (British Columbia)

Material Change Report Under Section 118(1) of the Act (Alberta)

ITEM 1 Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer:

*Netco Energy Inc. (the "Company")
Suite 1320, 925 West Georgia Street
Vancouver, B.C. V6C 3L2
Telephone: (604) 602-9001*

ITEM 2 Date of Material Change

State the date of the material change:

July 6, 2001

ITEM 3 Press Release

State the date and place(s) of issuance of the press release issued under section 85(1) of the Act.

*July 6, 2001
Vancouver, British Columbia*

ITEM 4 Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change:

The Company announces that it has elected not to proceed with the acquisition of Chalk.com Network (Holding) Corporation.

ITEM 5 Full Description of Material Change

The Company announces that it will not be proceeding with the acquisition of Chalk.com Network (Holding) Corporation, as previously announced in its News Release on March 12, 2001.

For further information contact Donald Sharpe, the President of Netco, at (604) 602-9001..

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

If the report is being filed on a confidential basis in reliance on section 85(2) of the Act, state the reasons for that reliance:

N/A

ITEM 7 Omitted Information

N/A

ITEM 8 Senior Officers

Give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom the Commission may contact that senior officer:

*DONALD SHARPE, President
(604) 602-9001*

ITEM 9 Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, British Columbia, this 11th day of July, 2001.

“Donald Sharpe”
Donald Sharpe,
President