FORM 53-901F (Previously Form 27)

Securities Act

<u>Material Change Report Under Section 85(1) of the Act (British Columbia)</u>

<u>Material Change Report Under Section 118(1) of the Act (Alberta)</u>

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 12, 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 12, 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 intends to proceed with the sale of its oil and gas assets to Patriot Capital Corp. even though it is not proceeding with the acquisition of Chalk.com Network (Holding) Corporation.

ITEM 5 Full Description of Material Change

See attached Schedule "A".

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 16th day of July, 2001.

"Donald Sharpe"
Donald Sharpe,
President

Schedule "A"

Patriot Capital Corp. Suite 1100 - 609 West Hastings Street Vancouver, B.C. V6B 4W4	Netco Energy Inc. 1320 – 925 West Georgia Street Vancouver, B.C. V6C 3L2
CDNX Trading Symbol: "PCC"	**CDNX Trading Symbol: "NEI"**

July 12, 2001

Joint Press Release

Acquisition and sale of the oil and gas assets of Netco Energy Inc. proceeding

The Boards of Directors of Patriot Capital Corp. ("Patriot") and Netco Energy Inc. ("Netco Energy") wish to announce that, further to their respective news releases of May 29th, 2001, Patriot intends to proceed with the acquisition of all of the oil and gas assets of Netco Energy. Netco Energy will continue with the sale of its oil and gas assets to Patriot, even though it will not be proceeding with the acquisition of Chalk.com Network (Holding) Corporation, as previously announced in its news release on July 6, 2001. The sale of Netco Energy's oil and gas assets was originally a condition to the acquisition of Chalk.com Network (Holding) Corporation. As previously announced, the proposed transaction will constitute a "Qualifying Transaction" and a "Change of Business" for Patriot pursuant to the policies of the Canadian Venture Exchange Inc. (the "Exchange").

The completion of the proposed transaction remains subject to the approval of the Exchange and both Patriot's and Netco Energy's independent directors and disinterested shareholders, as well as certain other conditions precedent, including a valuation of the oil and gas assets which is currently being conducted.

For further information contact Donald Sharpe at (604) 602-9001.

THE CANADIAN VENTURE EXCHANGE HAS IN NO WAY PASSED UPON THE MERITS OF THE PROPOSED TRANSACTION AND HAS NEITHER APPROVED NOR DISAPPROVED OF THE CONTENTS OF THIS PRESS RELEASE.