

## MATERIAL CHANGE REPORT

Section 85(1) of the *Securities Act* (**British Columbia**)  
Section 146(1) of the *Securities Act* (**Alberta**)

**1. Reporting Issuer:**

AltaCanada Energy Corp.  
21<sup>st</sup> Floor, Hanover Building  
101 – 6<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 2P4

**2. Date of Material Change:**

November 12, 2002

**3. Press Release:**

The purchase and sale of shares in the capital of Alberta Selecta Corporation ("Selecta") by AltaCanada Energy Corp. ("AltaCanada") from Mayon Invest Corporation ("Mayon") and the purchase of a note payable to Mayon from Selecta was announced via a press release distributed on Canada Newswire on November 12, 2002, copy attached.

**4. Summary of Material Change:**

AltaCanada has entered into a letter agreement with Mayon, agreeing to purchase Mayon's 23.779% minority interest in Selecta for cash in the amount of \$1.1 million.

**5. Full Description of Material Change:**

On November 12, 2002 AltaCanada entered into a letter agreement with Mayon agreeing to purchase 62,252 Class B Shares and 2,040,880 Class C Shares in the capital of Selecta and a note due from Selecta to Mayon in the amount of \$839,624. The aggregate purchase price is \$1.1 million and will be paid in cash. The purchase price will be financed through cash and existing bank lines of credit. It is a condition of the purchase and sale that the legal proceedings involving Mayon, Selecta, AltaCanada and certain other related parties be discontinued. The parties also agreed to a full and comprehensive release of all parties to the legal proceedings. The purchase and sale will close upon receipt of regulatory approval.

See attached Press Release.

**6. Reliance on Section 146(2) of the Alberta Securities Act or other equivalent sections of provincial section legislation where this report is filed:**

Not applicable.

**7. Omitted Information:**

No material information has been omitted from this Report.

**8. Senior Officers:**

For further information, please contact Ms. Marlene Sims, Vice-President, Corporate Affairs, at AltaCanada Energy Corp., 21<sup>st</sup> Floor, Hanover Building, 101 – 6<sup>th</sup> Avenue S.W., Calgary, AB T2P 2P4, telephone: (403) 265-9090.

**9. Statement of Senior Officer:**

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

DATED at Calgary, Alberta this 18<sup>th</sup> day of November, 2002.

**AltaCanada Energy Corp.**

Per: "Marlene Sims"  
Marlene Sims  
Vice-President, Corporate Affairs

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r f BC-AltaCanada-Q3-results 11-15 1605

News release via Canada NewsWire, Calgary 403-269-7605

Attention Business/Financial Editors:  
AltaCanada announces third quarter 2002 results

TSX-VE SYMBOL: ANG

CALGARY, Nov. 15 /CNW/ - AltaCanada Energy Corp. ("AltaCanada") is pleased to report its operating and financial results for the period ended September 30, 2002.

The Company accomplished a significant recapitalization during the third quarter through:

- the disposition of \$4.1 million of non-core assets representing 177 boed of production;
- the establishment of a new banking relationship with the Canadian Imperial Bank of Commerce, providing a \$4.0 million operating line of credit and a \$1.0 million U.S. swap facility; and
- the closing of a private placement of 9.5 million common shares issued at \$0.30 per share to raise gross proceeds of \$2.85 million.

The net result of these three activities reduced AltaCanada's indebtedness from \$6.1 million at the start of the quarter to \$0.5 million at September 30, 2002. AltaCanada is now positioned to focus on development opportunities within our existing land base.

During the third quarter, 23 non-operated wells were drilled in the Killam area of east central Alberta. AltaCanada's interest was 16.85% and all wells were cased with completions underway. Seven previously shut in wells (16.85% net) will also be tied in as completions continue throughout the fourth quarter. Eleven additional Killam area wells are expected to be drilled in the first quarter of 2003.

Our new financial strength will allow a much more aggressive drilling program to evolve. During the coming months, the balance of 70 drilling opportunities will be evaluated (including the 23 drilled at Killam, seven Killam tie ins and 11 additional locations described above). Fourth quarter activity will include much higher working interest wells at Rivercourse (97%) and three wells at Donalda (50% each). These four wells are all AltaCanada operated.

Subsequent to the quarter, on November 12, 2002, AltaCanada announced that it had entered into a letter agreement to acquire an additional 23.779% interest in Alberta Selecta Corporation, bringing its interest in Selecta from 74% to 97.8%. The purchase price of \$1.1 million will be paid in cash and represents a value of \$6.74 per BOE, excluding the undeveloped land, Selecta's debt and cash.

#### HIGHLIGHTS

Accomplishments during the third quarter include:

- AltaCanada completed a fully subscribed private placement of common shares to raise gross proceeds of \$2.85 million. A total of 9.5 million common shares were issued at \$0.30 per share. A portion of the proceeds was used to reduce bank indebtedness and the remainder directed towards the Company's exploration and development program.
- AltaCanada completed a disposition of non-core unit interests (177 BOE/d for gross proceeds of \$4.1 million. Net proceeds were applied to reduce bank indebtedness. This sale, and its important impact on the balance sheet, has a short-term effect on production which will be replaced through an active development drilling program now underway.

- During the quarter Don Foulkes was appointed President of AltaCanada and a member of its Board of Directors. Mr. Foulkes is a professional geologist and brings to the Company over 32 years of oil and gas experience in Canada, the United States and internationally. AltaCanada is also pleased to announce the appointment of Marlene Sims to Vice President, Corporate Affairs. Ms. Sims has been Corporate Secretary of AltaCanada since its inception in 1997, and is responsible for the legal, administrative, corporate and human resources areas of the Company.

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Nine months ended	September 30, 2002	September 30, 2001
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<b>FINANCIAL</b>		
Petroleum and natural gas revenues (\$)	3,801,733	1,783,582
Cash flow from operations (\$)	1,443,550	782,716
Basic per share (\$)	0.09	0.07
Diluted per share (\$)	0.07	0.07
Net earnings (\$)	51,984	235,649
Basic per share (\$)	--	0.02
Diluted per share (\$)	--	0.02
Net debt (excluding convertible debentures) (\$)	1,021,995	3,358,833
<b>OPERATIONS</b>		
Daily production		
Natural gas (Mcf/d)	2,078	755
Crude oil and natural gas liquids (Bbls/d)	187	76
Total daily production (BOE/d (at) 6:1)	533	202
Total excluding 26% Selecta minority interest	478	--
Daily exit production (BOE/d (at) 6:1)	512	285
Total excluding 26% Selecta minority interest	459	--
Average sales price		
Natural gas (\$/Mcf)	3.77	6.03
Crude oil and natural gas liquids (\$/Bbl)	32.53	26.07
Operating netbacks (\$/BOE)		
Petroleum and natural gas revenues	26.11	32.37
Net royalties(1)	(4.07)	(5.91)
Production expenses(2)	(5.43)	(4.90)
Operating netbacks	16.61	21.56
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(1) Reflects an expensed workover plus summer maintenance costs (\$50,000)

(2) Reflects a royalty under-accrual of \$75,000 for the first half of 2002

#### FINANCIAL REVIEW

In Q3/02 petroleum and natural gas revenues increased 104% to \$1.3 million from \$0.6 million in Q3/01. During the nine months ended September 30, 2002, revenues increased 113% to \$3.8 million from \$1.8 million for the corresponding period in 2001. Cash flow from operations for the three months ended September 30, 2002 increased 61% to \$247,824 from \$154,304 when compared to Q3/01. Cash flow for the nine months ended September 30, 2002 increased \$0.6 million to \$1.4 million, up from \$0.8 million in the nine months ended September 30, 2001. On a per share basis, basic and diluted cash flow from operations in Q3/02 were \$0.01 which is comparable to \$0.01 per share in 2001. For the nine months ended September 30, 2002, basic and diluted cash flow were \$0.09 and \$0.07 per share, respectively, compared to \$0.07 per share in 2001.

Crude oil and natural gas liquids prices increased 31% to average \$38.09 per barrel during the quarter compared to \$29.07 during the same quarter in 2001. Natural gas prices decreased 19% to average \$3.50 per Mcf during Q3/02, compared to \$4.32 per Mcf during Q3/01. For the nine months ended September 30, 2002 crude oil and natural gas prices increased 25% to \$32.53 per Bbl compared to \$26.07 per Bbl for the same period in 2001. Natural gas prices for the nine months ended September 30, 2002 declined significantly to \$3.77 per Mcf when compared to \$6.03 per Mcf for the same period in 2001. In the third quarter, higher royalties due to an adjustment at Wildmere, and increased operating costs resulting from workovers, repairs and maintenance costs incurred in the summer months, significantly impacted cash flow and earnings for the three months ended September 30, 2002. For the third quarter of 2002, earnings decreased \$73,831 from earnings of \$10,672 to a loss of \$63,159 in 2002. Year to date, 37% lower natural gas prices and higher operating costs reduced earnings by \$183,666 compared to the nine months ended September 30, 2001. For the nine months ended September 30, 2002, basic and diluted earnings per share were nil compared to \$0.02 per share in 2001.

#### OPERATIONS REVIEW

The multi-well joint venture with PennWest at Killam, Alberta continued with the drilling of another 14 wells, bringing the total number of working interest wells to 23 with an average interest of 16%. Another 11 wells, in which AltaCanada has an average 3.7% gross overriding royalty, were also drilled at no cost to AltaCanada. All of the wells drilled are currently being completed and tied in for production. By the end of the third quarter six wells were placed on stream at an average non-stimulated rate of 180 Mcf per day per well. AltaCanada has been advised that all of the wells are expected to be on production by the end of November 2002. Based on the extensive 12,000 acre land position at Killam, AltaCanada anticipates that another 11 wells will be drilled in the near future.

Earlier in the year AltaCanada negotiated a multi-well farm-in agreement with EnCana Energy allowing AltaCanada (50%) and its partner to drill four Belly River wells with an option to drill four additional wells on EnCana's extensive land interests in Donalda. The first well in the farm-in was successfully drilled in June 2002 and was completed as a 400 Mcf per day gas well in middle Belly River sand. This well was tied in for production this past summer; however, production has declined to approximately 100 Mcf per day due to water production. Remedial measures are being reviewed to mitigate this situation. During the quarter, AltaCanada increased its land position at Donalda and now controls a 50% working interest in a total of 11,680 gross acres on this play which has significant Belly River and Edmonton Sand potential. The drilling program continues with the drilling of three 50% working interest wells in November 2002.

AltaCanada plans to enlarge its 67% owned and operated gas plant at Bellshill Lake to accommodate a request for 2 to 5 MMcf per day of additional processing capacity from a major industry partner in the facility. In addition, AltaCanada has commenced the acquisition of seismic and land to support its own exploitation program planned for 2003 on lands surrounding the extensive gathering system feeding into the plant.

This release contains forward-looking statements that involve risks and uncertainties. Such information, although considered reasonable by AltaCanada at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated in the statements made. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Such risks and uncertainties include, but are not limited to, risks associated with operations, such as loss of market, regulatory matters, commodity price risk, environmental risks, industry competition, and ability to access sufficient capital from internal and external sources.

THE TSX VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT  
RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

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11/15/2002

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(ANG.)

CO: AltaCanada Energy Corp.

ST: Alberta

IN: OIL

SU: ERN

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