

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

The name of the reporting issuer is Pifher Resources Inc. (the "Issuer" or "Pifher"). Its registered office is 777 Bay Street, Suite 1910, Toronto, Ontario, M5G 2C8.

Item 2 Date of Material Change

The material change occurred on June 30, 2004.

Item 3 News Release

A press release in connection with the material change was issued in Ontario on June 30, 2004, a copy of which release (as issued) is annexed hereto as Schedule "A".

Item 4 Summary of Material Change

A brief but accurate summary of the nature and substance of the material change is provided in the press release annexed hereto as Schedule "A". The press release sets forth: (i) the material terms of the proposed merger of the Issuer, 1593485 Ontario Inc. ("Subco") and Echo Energy Inc. ("Echo") by way of a three-cornered amalgamation (the "Amalgamation") pursuant to an amended and restated amalgamation agreement dated June 11, 2004 among the Issuer, Subco and Echo; and (ii) Echo has advised that natural gas deliveries from a number of Echo gas wells into the Talisman Lakeview Compressor Station commenced on June 24, 2004.

Item 5 Full Description of Material Change

A full description of the material change is provided in item 4 herein.

The following supplemental information is provided in compliance with section 5.2 of Ontario Securities Commission Rule 61-501:

- (a) a description of the transaction and its material terms are set forth in the attached news release;
- (b) the purpose and business reasons for the transaction and the anticipated effect of the transaction on the Issuer's business and affairs are:
 - (1) The merger of the businesses of the Issuer and Echo will result in a combined entity ("Post-Amalgamation Pifher") substantially larger in size than the Issuer and Echo, individually, as follows:
 - (A) Post-Amalgamation Pifher's estimated net proven and probable in-place gas reserves will be approximately 105 bcf, an amount significantly greater than

the individual reserves of either Pifher or Echo, with 62 gas wells drilled to date;

- (B) Post-Amalgamation Pifher's cash position will be approximately \$230,328 (as at March 31, 2004), an amount greater than the individual cash positions of either Pifher or Echo; and
 - (C) Up to \$5.0 million of credit facilities are available to Pifher pursuant to the loans from the Toronto-Dominion Bank, which have been guaranteed by Echo in anticipation of the Amalgamation.
- (2) The Amalgamation will allow Pifher Shareholders and Echo Shareholders to continue to participate in the gas exploration and development industry through a combined entity with larger reserves and undeveloped land base and the financial capacity to compete more effectively.
 - (3) Post-Amalgamation Pifher will reasonably be expected to have improved market liquidity resulting from the increased capitalization and larger public float of the combined entity.
 - (4) Dundee Securities Corporation has delivered a Fairness Opinion concluding that the consideration to be paid by Pifher under the terms of the Amalgamation is fair, from a financial point of view, to the minority shareholders of Pifher.
 - (5) Post-Amalgamation Pifher will achieve a financial position and an asset base of a significant size which will enable it to continue to build its own gathering system and pipeline, thereby enabling it to sell its gas as and when it deems fit having regard to prevailing market conditions.
 - (6) Post-Amalgamation Pifher will be better positioned to seek opportunities being pursued by other participants in the gas industry or to make property or corporate acquisitions in the gas industry.

(c) Certain officers and directors of Pifher are also officers and/or directors of Echo and own or control common shares of Echo and will own and control shares of Pifher upon completion of the Amalgamation as set forth in the table below:

Name of Director / Officer	Position with Pifher and Echo	Pifher Shares held prior to Amalgamation (#)	Pifher Shares held prior to Amalgamation (%)	Echo Shares held prior to Amalgamation (#)	Echo Shares held prior to Amalgamation (%)	Pifher Shares held (direct and indirect) after Amalgamation (#)	Total Pifher Shares outstanding after Amalgamation (%)
Salvatore Fuda	Chairman of Pifher and Chairman of Echo	474,026	7.1%	1,132,377	11.1%	3,697,371 ⁽¹⁾	21.7%
Gary Conn	President, director and Treasurer of Pifher and President,	118,583	1.8%	243,352	2.4%	424,598	2.5%

Name of Director / Officer	Position with Pifher and Echo	Pifher Shares held prior to Amalgamation (#)	Pifher Shares held prior to Amalgamation (%)	Echo Shares held prior to Amalgamation (#)	Echo Shares held prior to Amalgamation (%)	Pifher Shares held (direct and indirect) after Amalgamation (#)	Total Pifher Shares outstanding after Amalgamation (%)
	director and Treasurer of Echo						
Joseph Fuda	Director of Pifher and Director of Echo	5,250	0.1%	121,672	1.2%	158,253	0.9%
Antonio Lopes	Chief Financial Officer of Pifher and Chief Financial Officer of Echo	44,233	0.7%	-	-	44,233	0.3%
Manoj Pundit	Secretary of Pifher and Echo	40,861	0.6%	84,388	0.8%	146,978	0.9%

Note:

- (1) This number includes an interest in Pifher Shares represented by a 49% equity interest held indirectly by the Fuda 2002 Family Trust in Challenge Gas Holding AB that will be issued 3,672,207 Pifher Shares under the Amalgamation in exchange for a number of Echo Shares. The Pifher Shares will be received by Challenge Gas Holding AB pursuant to share purchase and sale agreements between Challenge Gas, as purchaser, and three shareholders of Echo as sellers.

A copy of the “Valuation and Fairness Opinion Report to the Independent Committee of the Board of Directors of Pifher Resources Inc.” dated March 4, 2004, prepared by Dundee Securities Corporation, is attached as Appendix F to the Joint Information Circular of Pifher Resources Inc. and Echo Energy Inc. dated June 30, 2004 and filed on SEDAR.

Item 6 & 7 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102 and Omitted Information

The Issuer is not relying on 7.1(2) or (3) of National Instrument 51-102 for the filing of this report nor is any information being omitted in reliance thereon.

Item 8 Executive Officer

For further information with respect to this report, please contact Gary Conn, President and Director of the Issuer, at: Telephone: (519) 455-8127.

Item 9 Date of Report

DATED at Toronto, Ontario this 6th day of July, 2004.

PIFHER RESOURCES INC.

Per: “Gary Conn”
Gary Conn
President and Director

Schedule "A"

PIFHER RESOURCES INC.

PRESS RELEASE – FOR IMMEDIATE RELEASE

June 30, 2004

PIFHER TO MERGE WITH ECHO ENERGY INC.

ECHO COMMENCES DELIVERY OF GAS

Listing: TSX Venture Exchange, symbol "PFR"
Issued Capital: 6,654,404 Common Shares

Toronto, Canada – Pifher Resources Inc. announced today that it is moving forward with its proposed merger with Echo Energy Inc., a privately owned gas exploration company, and that it has been cleared by the TSX Venture Exchange to send a management information circular to its shareholders in connection with the proposed merger.

Pifher also announced that it has been advised by Echo that natural gas deliveries from a number of Echo Energy gas wells into the Talisman Lakeview Compressor Station commenced on Thursday, June 24, 2004 and is being transported to Union Gas for storage and sales. As the gathering system segments continue to be completed, it is expected that both Pifher wells and additional Echo wells will be connected to the Union Gas system.

The merger will be effected through the amalgamation of Echo and 1593485 Ontario Inc. ("Subco"), a wholly-owned special purpose subsidiary of Pifher, pursuant to an amended and restated pre-amalgamation agreement dated June 11, 2004 among Pifher, Echo and Subco. Pifher owns approximately 19.14% of Echo's outstanding common shares, all of which will be cancelled in the amalgamation and replaced with shares of the corporation to be formed as a result of the amalgamation of Subco and Echo ("Amalco"). Amalco will be 100% owned by Pifher upon completion of the Amalgamation. It was previously announced that Echo shareholders other than Pifher would receive 1.285 newly issued common shares of Pifher in exchange for each of their Echo common shares. This share exchange ratio was determined through negotiations between an independent committee of the board of Pifher and the board of Echo. Amongst other things, the parties considered a valuation and fairness opinion prepared by Dundee Securities Corporation dated October 31, 2003. On June 10, 2004 Dundee updated its opinion and then after further negotiations between the parties, it was agreed, that Echo shareholders (other than Pifher) would receive 1.2575 (rather than 1.285) newly issued common shares of Pifher in exchange for each of their Echo common shares as a result of a reduction in the number of Pifher shares outstanding on a fully diluted basis. Pifher expects to issue approximately 10.4 million Pifher shares in total pursuant to the terms of the merger, which will increase the total number of Pifher shares outstanding after the merger to approximately 17.1 million. Completion of the merger is subject to certain conditions, including receipt of all necessary shareholder and regulatory approvals. The TSX Venture Exchange has granted conditional approval for the merger. In its report on the valuation and fairness opinion, to the independent committee of Pifher's board, Dundee valued Echo, with a 100% weighting on the Net Asset Value method, resulting in a range of values from \$6.50 to \$8.05 per Echo common share and Pifher, with a 100% weighting on the Net Asset Value method, resulting in a range of values from \$5.29 to \$6.31.

The merger is a “related party transaction” under the Ontario Securities Commission Rule 61-501 and therefore must be approved by a “majority of the minority” vote of Pifher shareholders. Pifher’s Board of Directors appointed a special committee of independent directors to consider the proposed merger. The special committee engaged Dundee as its independent financial adviser to prepare valuations of Pifher and Echo and to issue an opinion as to whether the share exchange ratio under the merger is fair, from a financial point of view, to Pifher’s minority shareholders. Dundee completed its valuation work and updated its valuations as of March 4, 2004 and has advised the special committee that, based on its analysis, the share exchange ratio is fair, from a financial point of view, to the minority shareholders of Pifher. At a meeting of Pifher’s Board of Directors, the special committee recommended that the Board approve the new exchange ratio and submit the proposed merger to Pifher’s shareholders for approval and the Board acted on that recommendation.

Pifher has called a special meeting of shareholders to consider the proposed merger, which will be held in Toronto on August 17, 2004. A management information circular containing detailed information concerning the merger, including the formal valuations and fairness opinion prepared by Dundee, and the time, date and place of the shareholders meeting has been filed on SEDAR and will be mailed to Pifher’s registered shareholders shortly, and it may be viewed at www.sedar.com. The circular sets forth information on natural gas reserves of Pifher and Echo and other relevant information regarding exploration, drilling and operations on the properties.

Completion of the transaction is subject to a number of conditions including, but not limited to, TSX Venture Exchange acceptance and disinterested shareholder approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Pifher should be considered highly speculative.

Statements in this news release that are not historical facts, including statements about plans and expectations regarding properties, reserves, transactions and opportunities, capital resources and future financial results are forward-looking. Forward-looking statements involve risks and uncertainties which may cause the company’s actual results in future periods to differ materially from those expressed. These uncertainties and risks include changing gas and commodity prices and currency exchange rates, demand for gas, lack of success of future exploration and development, competition and other factors discussed from time to time in the company’s filings with the Ontario Securities Commission.

Neither the TSX Venture Exchange nor any securities regulatory authority has approved or disapproved of this news release.

For further information, contact:

Gary Conn, President, at (519) 455 -8127 (in London, Ontario), or Joseph Fuda, Director, at (416) 360-4031 (in Toronto, Ontario).