

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Reporting Issuer:

Regal Energy Corporation (the “Company” or “Regal”)
c/o Baker & McKenzie
Suite 2600, 255 – Fifth Avenue S.W.
Calgary, Alberta
T2P 3G6

Item 2. Date of Material Change:

June 30, 2004

Item 3. News Release:

A press release reporting the material change was issued by the Company on June 30, 2004 via CCN Matthews.

Item 4. Summary of Material Change:

The Company announced that it has closed a private placement of Flow-Through Common Shares brokered by Northern Securities Inc. which was previously announced on June 2, 2004.

Item 5. Full Description of Material Change:

The Company announced that it has closed a portion of its private placement of Flow-Through Common Shares (the “Offering”) brokered by Northern Securities Inc. (the “Agent”) which was previously announced on June 2, 2004. An aggregate of 3,817,500 Flow-Through Common Shares were issued at a price of \$0.20 each for gross proceeds of \$763,500 under a first closing. The common shares will be subject to a hold period of four months from the date they were issued. The Agent received a commission of 7% of the gross proceeds of the Offering and 267,225 Common Share Purchase Warrants (“Warrant”). Each Warrant will entitle the Agent to purchase one common share of Regal at a price of \$0.20 at any time prior to June 30, 2006.

Regal has also closed its private placement with insiders of the Company and has issued an aggregate of 1,000,000 Flow-through Common Shares at a price of \$0.20 each for gross proceeds of \$200,000.

Total aggregate gross proceeds of \$963,500 from the private placements were added to working capital and will used for exploration and development drilling activities in the Company’s ongoing exploration and development program.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information:

Not applicable.

Item 8. Execytuve Officer:

Ross O. Drysdale, Corporate Secretary
Telephone: (403) 444-9387

Item 9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

DATED July 5, 2004, at Calgary, Alberta.

REGAL ENERGY CORP.

By: “Ross O. Drysdale”
Ross O. Drysdale, Corporate Secretary

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