**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:**

October 26, 2004

**Item 3.** **News Release:**

A press release reporting the material change was issued by the Company on October 26, 2004 via CCN Matthews.

**Item 4.** **Summary of Material Change:**

The Company announced it has reached an agreement with an institutional investor to issue 1,200,000 Flow-Through Common Shares at a price of $0.24 for total gross proceeds of $288,000. The Company also intends to issue up to 400,000 Flow-Through Common Shares at a price of $0.24 per share for additional gross proceeds of up to $96,000.

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

The Company announced it has reached an agreement with an institutional investor to issue 1,200,000 Flow-Through Common Shares at a price of $0.24 each for total gross proceeds of $288,000. The private placement is scheduled to close on November 1, 2004 and its subject to exchange and regulatory approval and completion of definitive documents. The proceeds of the offering will be added to working capital and used for exploration and development drilling activities. Concurrently with the private placement, the Company intends to issue up to 400,000 Flow-Through Common Shares at a price of $0.24 each to officers and directors of the Company for additional proceeds of up to $96,000.

**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.** **Executive Officer:**

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

**Item 9.** **Date of Report**

Dated October 27, 2004, at Calgary, Alberta.