

MATERIAL CHANGE REPORT

Section 146(1) *Securities Act* (Alberta)
Section 85(1) *Securities Act* (B.C.)
Section 81(2) *Securities Act* (Nova Scotia)
Section 75(2) *Securities Act* (Ontario)
Section 84(1)(b) *Securities Act* (Saskatchewan)

1. Reporting Issuer:

Bushmills Energy Corporation
2620, 645 - 7th Avenue SW
Calgary, Alberta
T2P 4G8

2. Material Change occurred on:

August 1, 2002

3. News Release:

August 2, 2002 via Canadian Corporate News, Calgary, Alberta

4. Summary of Material Change:

Bushmills Energy Corporation (BSH-TSX) announced the acquisition of additional interests in the Medicine Lodge area of Alberta. Bushmills has increased its working interest in its Medicine Lodge producing natural gas and natural gas liquids assets and related production facilities from 37.5% to 62.5%. The acquisition increases production by 1,800 gj/d and 28 bbl/d of natural gas liquids, or 314 boe/d at 6:1. The purchase price was \$5.5 million and is effective April 1, 2002. This equates to \$17,515 per boe/d of production and \$8.21 per boe for established reserves of 670,000 boe based on internal estimates. The purchase was made from a senior oil and gas company.

The transaction was financed via a one year \$8 million facility arranged through Brascan Financial Corporation. The facility included refinancing the corporation's \$2.5 million short term indebtedness due August 27, 2002. The new facility bears interest at a fixed rate of 8% per annum. In consideration of making the facility available to the corporation a subsidiary of Brascan Financial has received 600,000 warrants to purchase 600,000 common shares of Bushmills at a price of \$1.15 for a period of 5 years.

Both the acquisition and the debt facility transactions have closed.

Bushmills has completed drilling activities on the 16-30-52-21W5M location, the well has been cased and testing is under way. Results from this 48% owned well will be available shortly.

5. Full Description of Material Change:

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Both the acquisition and the debt facility transactions have closed. Bushmills is pleased to have expanded its interest in the Medicine Lodge assets. The acquisition allowed the corporation to confidently lever its balance sheet by purchasing assets that Bushmills currently operates and is familiar with. The debt facility allowed the corporation to make this acquisition with minimal dilution to our existing shareholders. The corporation's production is currently 4,700 gj/d and 70 bbl/d of natural gas liquids or 817 boe/d at 6:1.

Bushmills has completed drilling activities on the 16-30-52-21W5M location, the well has been cased and testing is under way. Results from this 48% owned well will be available shortly. Should the well be economic, production would be processed through the Bushmills operated plant at 16-31-52-21W5M (62.5% owned) and would further enhance an already low operating cost structure for the plant.

Bushmills is a TSX listed junior natural gas and natural gas liquids exploration and production company.

6. Reliance on confidentiality provisions of the securities laws:

Not Applicable

7. Omitted Information:

Not Applicable

8. Senior Officers:

James Reid
 Bushmills Energy Corporation
 2620, 645 - 7th Avenue SW
 Calgary, Alberta T2P 4G8
 Telephone: (403) 265-1200

9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

DATED at Calgary, Alberta as of the 1st day of August, 2002.

BUSHMILLS ENERGY CORPORATION

Per: "Wade J. McGowan"
Wade J. McGowan
President, Chief Executive Officer and Chief
Operating Officer