FORM 27

MATERIAL CHANGE REPORT

1. Reporting Issuer:

Terraquest Energy Corporation
Suite 700, 550 – 11th Avenue S.W.
Calgary, Alberta
T2R 1M7

Telephone: (403) 298-1200
Fax: (403) 298-1202

2. Date of Material Change:

July 31, 2002 and August 2, 2002.

3. News Release:

A press release setting forth certain information relating to the material change described herein was issued on July 31, 2002 through the facilities of CCNMatthews.

4. Summary of Material Change:

On July 31, 2002, Terraquest Energy Corporation (the "Corporation") (i) closed the acquisition of all of the outstanding securities (the "Acquired Securities") of a private oil and gas company for a purchase price of approximately $9.5 million, plus the assumption of approximately $1.5 million of debt and working capital, and (ii) issued 11,000,000 special warrants at $0.50 each for total gross proceeds of $5,500,000. On August 2, 2002, the Corporation took up and paid for the Acquired Securities.

5. Full Description of Material Change:

On July 31, 2002, the Corporation acquired all of the issued and outstanding securities of a private oil and gas company for a purchase price of approximately $9.5 million, plus the assumption of approximately $1.5 million of debt and working capital. The private company currently produces approximately 750 boe per day (all boe conversions convert natural gas at 6:1) from seven properties in southern Alberta. Over 90% of the production is natural gas, with the private company owning and operating the facilities at its major producing area. Proven reserves are estimated internally to be approximately 1.2 million boe. The private company also has an operated land base of approximately 7,500 net acres, all in southern Alberta. On August 2, 2002, the Corporation took up and paid for the Acquired Securities.

In addition, on July 31, 2002 the Corporation issued 11,000,000 special warrants, at a price of $0.50 per special warrant, for aggregate gross proceeds of $5.5 million through an underwriting syndicate led by Griffiths McBurney & Partners and including Peters & Co. Limited.

Each special warrant is (subject to anti-dilution protection and adjustment) exercisable into one common share in the capital of the Corporation at any time and from time to time until the earlier of: (i) five (5) business days following the date that receipts are received from the securities commissions in each of the provinces where the special warrants were sold for a final prospectus qualifying the distribution of common shares upon the exercise of the special warrants; and (ii) July 31, 2003.

If a receipt for the final prospectus is not received from any of the securities commissions on or prior to 120 days after closing, each holder of special warrants resident in a jurisdiction in which a receipt is not received (and holders wherever resident if receipts are not received from the Alberta and Ontario securities commissions) will be entitled to receive (subject to anti-dilution protection) 1.15 common shares in the capital of the Corporation in exchange for each special warrant held.

The proceeds from the sale of the special warrants were utilized to partially fund the acquisition of the private company described above.

6. Reliance on Confidentiality Provision:

Not applicable.

7. Omitted Information:

Not applicable.

8. Senior Officer:

For further information concerning the material change described herein, please contact the following:

Name	Business Telephone Number
R. James Brown Vice President, Finance and Chief Financial Officer Terraquest Energy Corporation	(403) 298-1209

9. Statement of Senior Officer:

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

Dated at Calgary, Alberta this 6th day of August, 2002.

TERRAQUEST ENERGY CORPORATION

Per: *"R. James Brown"*
R. James Brown
Vice President, Finance and
Chief Financial Officer