MATERIAL CHANGE REPORT

Item 1. Reporting Issuer:

Purcell Energy Ltd.
2800, 605 – 5th Avenue S.W.
Calgary, Alberta, T2P 3H5

Item 2. Date of Material Change:

December 8, 2003

Item 3. News Release:

A Press Release reporting the material change was issued on December 8, 2003, through CCN Matthews.

Item 4. Summary of Material Change:

On December 8, 2003 Purcell Energy Ltd. ("Purcell") (TSX: PEL) announced that it has agreed to issue, by way of private placement, up to 2,500,000 common shares in the capital of the Corporation on a "flow-through" basis (the "Flow-Through Common Shares") at a price of $3.00 per Flow-Through Common Share.

Item 5. Full Description of Material Change:

On December 8, 2003, Purcell announced that it has agreed to issue, by way of private placement, up to 2,500,000 Flow-Through Common Shares at a price of $3.00 per Flow-Through Common Share through a syndicate of investment dealers led by Salman Partners Inc..

On December 17, 2003, the private placement was completed and Purcell issued 2,592,400 Flow-Through Common Shares at a price of $3.00 per Flow-Through Common Share for gross proceeds of $7,777,200.

The syndicate of investment dealers who acted as agents for the private placement were led by Salman Partners Inc. and also included Maison Placements Canada Inc., Raymond James Ltd., Acumen Capital Finance Partners Limited, Haywood Securities Inc., Lightyear Capital Inc., Octagon Capital Corporation and Jennings Capital Inc.

The proceeds of the offering were released to Purcell at closing and will be used to incur Canadian Exploration Expenses (as defined in the *Income Tax Act* (Canada)) in connection with Purcell's winter exploration programs in Alberta and northeast British Columbia.

Item 6. Reliance on Section 146(2) of the Securities Act (Alberta):

Not applicable

Item 7. Omitted Information:

Not applicable

Item 8. Senior Officer:

Jan M. Alston
President and Chief Executive Officer
Telephone: (403) 269-5803
Facsimile: (403) 264-1336

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Dated as of December 17, 2003 at Calgary, Alberta.

PURCELL ENERGY LTD.

By: (signed) "Jan M. Alston"
Jan M. Alston
President and Chief Executive Officer

cc: Toronto Stock Exchange