

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company:

Pearl Exploration and Production Ltd.
2500 Petro-Canada East Tower
111 – 5th Avenue SW
Calgary, AB T2P 3Y6

(“Pearl”)

2. Date of Material Change:

August 8, 2007

3. News Release:

A news release was disseminated on August 8, 2007 through CCN Matthews.

4. Summary of Material Change:

Pearl announced that it completed the acquisition of a 24% working interest in the Mooney oil field from Ravenwood Energy Corp. (“Ravenwood”), a private oil and gas company. Pearl is the operator of the Mooney field, situated in northern Alberta, and now holds a 98.1% working interest in Ravenwood.

5. Full Description of Material Change:

Pearl announced on August 8, 2007 that it completed the acquisition of a 24% working interest in the Mooney oil field from Ravenwood Energy Corp. (“Ravenwood”), a private oil and gas company. Pearl is the operator of the Mooney field, situated in northern Alberta, and acquisition of Ravenwood’s working interest brings Pearl’s working interest in the field to 98.1% and immediately adds approximately 625 boepd in current production.

Pearl acquired Ravenwood’s working interest, effect as at July 1, 2007, for the sum of Cdn \$20,000,000, subject to industry standard adjustments. 50% of the net purchase price was paid in cash and 50% was paid by the issuance of 1,475,108 Pearl common shares at a deemed price of Cdn \$5.12 per share (closing trading price as of July 13, 2007 on the TSX Venture Exchange).

Located in north-central Alberta, the Mooney field is one of Pearl’s best performing assets. Mooney is a conventional heavy oil field which produces from the Bluesky sand formation. A high recovery factor is expected due to the combination of relatively low viscosity 16 degree API gravity oil and favourable reservoir characteristics which facilitates efficient oil flow. Pearl has mapped the potential area of the Mooney Bluesky heavy oil pool at approximately 50 sections, and a stratigraphic well program is ongoing to further delineate the field’s areal extent.

The reservoir properties and the high quality oil also make the pool conducive to water flooding which is expected to further enhance recovery. A preliminary water flood simulation study showing higher secondary recoveries has been prepared by independent reservoir engineering

consultants. Pearl commenced water flooding this pool in July 2006 after converting the original horizontal oil well in the pool to a water injector with current injection rates at approximately 1,2000 barrels per day. A positive response to this water injection was observed in the two offsetting oil producers and an expansion of the water flood project area is planned in 2007.

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

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

For further information, contact:

Keith Hill, President
Telephone: (604) 689-7842

9. Date of Report:

August 10, 2007.