FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Pearl Exploration and Production Ltd.
700, 444 – 7th Avenue S.W.
Calgary, Alberta T2P 0X8

(the "Company" or "Pearl")

Item 2 Date of Material Change

May 22, 2008

Item 3 News Release

The news release was disseminated on May 22, 2008 through Marketwire.

Item 4 Summary of Material Change

Pearl Exploration and Production Ltd. announced that it had closed the previously announced (April 24, 2008) sale of certain of Pearl's non-core heavy oil assets to a large integrated energy company. In consideration, the Company received $75 million, net of typical purchase price adjustments.

Item 5 Full Description of Material Change

Pearl Exploration and Production Ltd. announced that it had closed the previously announced (April 24, 2008) sale of certain of Pearl's non-core heavy oil assets to a large integrated energy company. In consideration, the Company received $75 million, net of typical purchase price adjustments.

These assets, principally located in the Lloydminster, Celtic, Pikes Peak and Thunderchild areas of Saskatchewan, currently produce approximately 3,200 Boe/d and are part of the non-core asset package that the Company had announced its intentions to investigate selling on January 8, 2008. Canaccord Enermarket acted as exclusive financial advisor to Pearl in this disposition.

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

For further information, contact:

Keith Hill, President and CEO
Telephone: 604-689-7842

Item 9 Date of Report

May 28, 2008