Form 51-102F3
Material Change Report

Item 1: Name and Address of Company

Pan-Global Energy Ltd.
10th Floor, 521 3rd Avenue SW
Calgary, Alberta
T2P 3T3

Item 2 Date of Material Change

September 22, 2004.

Item 3 News Release

Pan-Global Energy Ltd. issued a Press Release on September 22, 2004 at Calgary, Alberta.

Item 4 Summary of Material Change

2004 Exploration Program

The Company has commenced its fall 26 well drilling program on the Onion Lake lands consisting of 13 shallow gas wells and 13 wells targeting the Dina oil formation. Pan-Global will operate the program which will focus on a mix of exploration and development wells close to existing infrastructure and defined by 2D and 3D seismic.

Short Term Bridge Debt Financing Facility

The Company has entered into an agreement in principal with Quest Capital Corp. ("Quest"), pursuant to which Quest will provide a $5 million bridge debt financing facility (the "Facility") to Pan-Global for working capital purposes related to the 2004 drilling program. The Facility is available until January 15, 2005 and is repayable at any time without prepayment penalty and bears interest at an annual rate of 12% compounded and payable monthly. A non-refundable standby fee equal to 2.5% of the Facility is payable in common shares of Pan-Global upon satisfaction of all conditions precedent. As consideration for Quest providing the Facility, Pan-Global will pay to Quest (in common shares of Pan-Global) a bonus equal to 5% of the principal amount drawn under the Facility. Pan-Global will grant a first position, fixed and floating charge in favor of Quest as security for the Facility. The Facility is subject to receipt of all necessary regulatory approvals.

The Company will not be proceeding with its previously announced private placement of $500,000.

Management & Director Changes

Effective immediately, Kerry Lyons has been retained as a consultant with a mandate to co-ordinate and oversee the extensive fall drilling program and operational functions on the Onion Lake Joint Venture.

The Company also announces that effective September 20, 2004, Wallace Fox, who was not re-elected as chief of the Onion Lake First Nation, has resigned from the board of Pan-Global for personal reasons and to pursue other business interests.

Item 5 Full Description of Material Change

2004 Exploration Program

The Company has commenced its fall 26 well drilling program on the Onion Lake lands consisting of 13 shallow gas wells and 13 wells targeting the Dina oil formation. Pan-Global will operate the program which will focus on a mix of exploration and development wells close to existing infrastructure and defined by 2D and 3D seismic. The 13 oil well drilling program will follow up on two prior oil discoveries as well as extending the pools on the lands as defined by its purchased 3D program, shot 2D seismic and well control. Some of the oil targets have multi-zone gas potential uphole which will be evaluated by drilling to the deeper oil target. In addition, the Company is targeting 13 wells in its fall program for primarily shallow gas targets close to existing infrastructure. The first well has been cased with 5 potential gas zones and is awaiting completion. Pan-Global expects to complete its full program prior to year end subject to weather. In anticipation of a successful drilling program, the Company has also laid out an extensive seismic program consisting of up to 43 sq. km of 3D and 40 km of 2D to further delineate new discoveries, provide new exploration targets and fine tune locations for future heavy oil development. The Company expects to commence the seismic program in late 2004.

Short Term Bridge Debt Financing Facility

The Company has entered into an agreement in principal with Quest Capital Corp. ("Quest"), pursuant to which Quest will provide a $5 million bridge debt financing facility (the "Facility") to Pan-Global for working capital purposes related to the 2004 drilling program. The Facility is available until January 15, 2005 and is repayable at any time without prepayment penalty and bears interest at an annual rate of 12% compounded and payable monthly. A non-refundable standby fee equal to 2.5% of the Facility is payable in common shares of Pan-Global upon satisfaction of all conditions precedent. As consideration for Quest providing the Facility, Pan-Global will pay to Quest (in common shares of Pan-Global) a bonus equal to 5% of the principal amount drawn under the Facility. Pan-Global will grant a first position, fixed and floating charge in favor of Quest as security for the Facility. The Facility is subject to receipt of all necessary regulatory approvals, Quest board approval and finalization of all legal documentation and is currently expected to close by the end of September 2004.

The Company will not be proceeding with its previously announced private placement of $500,000.

Management & Director Changes

Effective immediately, Kerry Lyons has been retained as a consultant with a mandate to co-ordinate and oversee the extensive fall drilling program and operational functions on the Onion Lake Joint Venture. Mr. Lyons has over 25 years experience in the oil & gas industry. Most recently, he was President and Chief Executive Officer of Terraquest Energy Corporation from January 2002 until March 2004 when the company was merged into Masters Energy Inc. Prior thereto, he was President and Chief Executive Officer of Richland Petroleum Corporation from March 1999.

The Company also announces that effective September 20, 2004, Wallace Fox, who was not re-elected as chief of the Onion Lake First Nation, has resigned from the board of Pan-Global for personal reasons and to pursue other business interests. Mr. Fox became a director in late 2003 following the initial drilling program leading from the partnership deal signed with the Onion Lake First Nation and its wholly owned resource company, Onion Lake Energy Ltd. The board is indebted to Mr. Fox for his contributions and wishes him success in his new business ventures. The Company has taken steps to accelerate the upcoming program and the Onion Lake Nation is in full support with the exploration and development strategy

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for such reliance.

N/A

INSTRUCTION

Refer to subsections 7.1 (4), (5), (6) and (7) of National Instrument 51-102 concerning continuing obligations in respect of reports filed under subsection 7.1(2) or (3) of National Instrument 51-102.

Item 7 Omitted Information

State whether any information has been omitted on the basis that it is confidential information.

N/A

Item 8 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgeable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

Arn Schoch
(604) 682-4984

Item 9 Date of Report

September 23, 2004.