FORM 51-102F3

Material Change Report

Item 1. **Name and Address of Company**

Exxel Energy Corp.
11th Floor, 609 West Hastings Street
Vancouver, B.C.
V6B 4W4

Item 2. **Date of Material Change**

August 18, 2005

Item 3. **News Release**

A news release dated August 22, 2005, concerning the material change was forwarded to Canada Newswire, Canada Stockwatch and Market News for dissemination and was SEDAR filed with the British Columbia and Alberta Securities Commissions and the TSX Venture Exchange.

Item 4. **Summary of Material Change**

The Company has issued a total of 2,000,000 units at US$5.00 per unit pursuant to the closing of a private placement originally announced June 9, 2005.

Item 5. **Full Description of Material Change**

The Company has issued a total of 2,000,000 units at US$5.00 per unit pursuant to the closing of a private placement originally announced June 9, 2005. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of US$5.00 per share. The share purchase warrants are exercisable for a period of two years from the date of issuance, unless the Company becomes listed on Tier 1 of the TSX Venture Exchange prior to that date, in which event the warrants are exercisable for a period of five years from the date of issuance.

The common shares and warrants issued under the placement, and any shares issued pursuant to the exercise of the share purchase warrants, are subject to a four month hold period under applicable securities laws, and imposed by the TSX Venture Exchange, expiring December 19, 2005.

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

N/A

Item 7. **Omitted Information**

N/A

Item 8. **Executive Officer**

The following executive officer of the Company is knowledgeable about this report and the material change disclosed herein:

John Hislop
President
Tel: (604) 331-3396

Item 9. **Date of Report**

August 25, 2005