FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 —— Name and Address of Company

Exxel Energy Corp. (the "**Corporation**")
11th Floor, 609 West Hastings Street
Vancouver, British Columbia
V6B 4W4

ITEM 2 —— Date of Material Change

September 21, 2006

ITEM 3 —— News Release

A press release was disseminated on September 21, 2006, through Canada NewsWire.

ITEM 4 —— Summary of Material Change

On September 21, 2006, the Corporation issued a press release (the "**Press Release**") announcing that it has filed a preliminary short form prospectus in all provinces in Canada, with the exception of Quebec in connection with a "reasonable commercial efforts" offering of common shares.

ITEM 5 —— Full Description of Material Change

A full description of the material change is contained in the press release dated August 15, 2006, a copy of which is attached hereto as Schedule "A".

ITEM 6 —— Reliance on Section 7.1(2) or (3) of National Instrument 51-102 of the Act

N/A

ITEM 7 —— Omitted Information

N/A

ITEM 8 —— Executive Officer

Michael Lou, Executive Vice President of Finance and Chief Financial Officer

Tel:

ITEM 9 —— Date of Report

September 22, 2006.

EXXEL ENERGY CORP.

"Michael Lou"

Per: ______________________________

Name: Michael Lou

Title: Executive Vice President of Finance and Chief Financial Officer

Authorized Signing Officer

SCHEDULE "A"

exxel
energy corp

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FOR IMMEDIATE RELEASE (TSXV Symbol: EXX) September 21, 2006

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Exxel Energy Corp. Announces Equity Financing

Vancouver, British Columbia – September 21, 2006 – Exxel Energy Corp. (TSXV: EXX) announced today that it has filed a preliminary short form prospectus filed in all provinces of Canada, other than Quebec, in connection with a "reasonable commercial efforts" offering of common shares ("Common Shares") of the Company. The offering will be conducted by an international syndicate of agents co-led by MGI Securities Inc., Mirabaud Securities Limited and Sanders Morris Harris Inc., and including Knight Capital Markets LLC and Macquarie Securities (USA) Inc. (collectively, the "Agents"). Final pricing and determination of the number of Common Shares to be sold under the offering will occur immediately before filing of the final short form prospectus.

The Company has granted the Agents an over-allotment option, exercisable in whole or in part, in the sole discretion of the Agents at any time up to 30 days following the closing of the offering, to arrange for the sale of an additional 15% of the Common Shares at the offering price to cover over-allotments, if any, and for market stabilization purposes.

The Agents will receive a cash commission equal to 5.5% of the gross proceeds of the offering and will also receive non-transferable compensation warrants to purchase that number of Common Shares as is equal to 2.5% of the number of Common Shares sold pursuant to the Offering. The compensation warrants will be exercisable for a period of 24 months following the closing of the offering at an exercise price per share equal to the offering price. In addition, MGI Securities Inc. will receive an advisory fee equal to 0.25% of the gross proceeds of the offering.

The Company intends to use the estimated net proceeds of the offering for the acquisition of new properties, for the exploration and development of the Company's projects in the states of Colorado, Nevada and Washington, USA and for general corporate and working capital purposes.

The offering is subject to regulatory approval, including approval of the TSX Venture Exchange and the securities regulatory authorities.

For further information concerning this announcement, please contact Victor Barcot, EVP of Business Development and Investor Relations, at (713) 922-0383.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or the selling securityholder and that will contain detailed information about the company and management, as well as financial statements.*