

**FORM 53 -901F**

**MATERIAL CHANGE REPORT**

SECTION 85(1) OF THE SECURITIES ACT (B.C.)  
SECTION 118(1) OF THE SECURITIES ACT (AB.)

Item 1. Reporting Issuer

**MAXY OIL & GAS INC.  
480 - 650 WEST GEORGIA STREET  
VANCOUVER, B.C., V6B 4N9**

**Telephone: (604) 633-4286**

Item 2. Date of Material Change

**April 18, 2002**

Item 3. Press Release

State the date and place(s) of issuance of the press release issued:

**Issued to the Canadian Venture Exchange and disseminated through  
Vancouver Stock Watch and Canada News Wire.**

Item 4. Summary of Material Change

**The Company announced today that it has signed a Letter Agreement with  
KLC Investments Inc., a private oil & gas development corporation located in  
New Orleans, La., to acquire operating interests in two oil & gas prospects in  
Louisiana and Alabama, and to form an ongoing Joint Venture.**

**The Company also announced a brokered private placement, through Haywood  
Securities Inc., to raise \$1,000,000 through the issuance of 4,000,000 Units at  
\$0.25 per Unit. Each Unit is comprised of one common share and one half  
warrant , each whole warrant entitles the holder to acquire one additional  
common share at \$0.30 for two years. The Agent will receive a 7%  
commission, payable in shares at \$0.25 per share, plus Agent's Warrants  
equally to 6.25% of the gross proceeds placed. The Agents warrants will be  
exercisable at \$0.30 for a period of one year,**

Item 5. Full Description of Material Change

**Please see attached News Release.**

Item 6. Confidentiality

**This report is not being filed on a confidential basis.**

Item 7. Omitted Information

**There are no significant facts required to be disclosed herein which have been omitted.**

Item 8. Senior Officer

Contact: **S. Paul Simpson, corporate secretary**  
Telephone #: **(604) 633 4286**

Item 9. Statement of Senior Officer

**The foregoing accurately discloses the material change referred to herein.**

**MAXY OIL & GAS INC.**

***“Paul Simpson”***

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PAUL SIMPSON, Corporate Secretary

DATED at Vancouver, B.C., this 18th day of April, 2002.



**Maxy Oil & Gas Inc**

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 Sugar Land, Texas 77478  
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 Email: maxyoil@aol.com

Trading Symbol: MXY.V

April 18, 2002

**MAXY OIL & GAS INC. TO PARTICIPATE IN LOUISIANA DRILLING PROSPECT,  
 AND ARRANGES \$1,000,000 FINANCING**

**Maxy Oil & Gas Inc. (MXY-TXE)** announced today that it has signed a Letter Agreement with KLC Investments Inc., a private oil & gas development corporation located in New Orleans, La., to acquire operating interests in two oil & gas prospects in Louisiana and Alabama, and to form an ongoing Joint Venture.

Under the terms of the Letter Agreement, Maxy will acquire a 25% participating interest in KLC's Church Creek Prospect located in St. Helena Parish, Louisiana, approximately 70 miles northwest of New Orleans. KLC holds approximately 1350 acres under leases that carry an average 25% royalty (Net Revenue interest of 75% to the Participating Interest owners). Participating interests are subject to KLC's 25% interest back-in right after payout.

To earn its 25% interest, Maxy will pay US\$112,500 as its pro-rata share of current lease costs and its participating interest share of costs for the initial well, of approximately US\$188,000. The total cost of the well is estimated to be US\$700,000. Maxy will market out the remaining 50% interest in the Church Prospect not held by Maxy and KLC. For any interest marketed out by Maxy, Maxy will receive from KLC a right to back-in for an additional 5% working interest after payout.

The Church Creek Prospect is scheduled to commence drilling in the latter part of May, 2002. The initial well on the prospect is planned as a 13,200 foot test of the Tuscaloosa "A," "B" and "C" sands. The lower Tuscaloosa "A" sand is productive from a similar trap in the Greensberg Field, located 4.5 miles southwest of the Church Creek Prospect. Cumulative production to date from the Greensberg Field is 11 million barrels of oil and 4 billion cubic feet of natural gas.

Maxy has also agreed, subject to regulatory approval, to issue 200,000 shares and advance a US\$ 300,000 portion of the Lease costs for KLC's drill-ready Barrow Creek Prospect, in exchange for which Maxy will receive the rights to 100% of the participating interest in the prospect. Maxy's payment will be used by KLC to renew the mineral leases (3,500 acres) overlaying the prospect. The drilling schedule and financing methods for the planned 18,500-foot well are incomplete at this time.

Barrow Creek Prospect is located on the boundary between Mobile and Washington Counties, Alabama. The prospect is a Smackover and Norphlet prospect that was previously drilled and

determined to be productive before mechanical problems prevented its completion. The prospect lies within a 20-mile radius of the largest producing fields in Alabama. The area has produced over 310 million barrels of Oil and 770 billion cubic feet of gas to date. Nearby fields include Hatter's Pond Field (77 million BO and 377 BCFG) and the Churchula Field (63 MMBO and 378 BCFG).

In addition to acquiring interests in the Church Creek and Barrow Creek Prospects, KLC will transfer to Maxy certain intellectual assets including data evaluations, geologic maps, seismic interpretations and other similar information regarding its prospects.

In the Letter Agreement Maxy and KLC have also stated their intention to negotiate and enter into a Joint Venture, whereby Maxy will have the right to acquire up to 100% of the working interest in all other prospects generated in the future by KLC. The purpose of the Joint Venture will be to explore and develop the prospects, or market them out in part or whole as appropriate. KLC's exploration efforts to date have been focused primarily in Louisiana, Alabama, Mississippi and Texas. Maxy intends to rely on KLC's extensive oil & gas experience, abilities and contacts in the US Gulf States to search out and do initial development work on quality projects for further development by the Joint Venture. Further press releases will be issued upon successful finalization of the Joint Venture Agreement.

Maxy will also offer the principals of KLC one seat on its Board of Directors, and in connection therewith has agreed to grant options to the Principals of KLC to purchase up to 500,000 shares for a period of five years at a purchase price of \$0.25 per share.

In order to finance the immediate capital requirements of the Church Creek Prospect, Maxy has arranged a brokered private placement, on a best efforts basis, of 4 million Units at \$0.25 per Unit to raise \$1,000,000. Each Unit consists of one common share and one half of one common share purchase warrant. Each share purchase warrant entitles the holder to buy one common share for \$0.30 within two years after closing. Haywood Securities Inc. is acting as Agent assisting the Company, and will receive a 7% commission on all Units sold, payable in shares of the Company at \$0.25 per share, plus brokers warrants for 6.25% of the funds placed, priced at \$0.30 per share, and exercisable for one year. The placement is subject to approval of regulatory authorities.

The proceeds of the placement will be utilized to finance initial expenditures on the Church Creek Prospect, and to cover the advance lease costs on the Barrow Creek Prospect, and for general working capital.

In a separate transaction, one of the places in the private placement, B.G. Capital Corp. a company wholly owned by a director of Maxy, sold 1,700,000 free trading shares of Maxy through the facilities of the Toronto Venture Exchange at \$0.25 per share.

Statements in this press release other than purely historical information, including statements relating to the Company's future plans and objectives or expected results, constitute forward-looking statements. Forward-looking statements are based on numerous assumptions and are subject to all of the risks and uncertainties inherent in the Company's business, including risks inherent in oil and gas exploration and development. As a result, actual results may vary materially from those described in the forward-looking statements.

S. Allen Jackson, President

For more information, please contact:

S. Allen Jackson, President

Maxy Oil & Gas Inc.

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