FORM 51-102F3

SECURITIES ACT

MATERIAL CHANGE REPORT

Item 1 Name and address of Company

TEARLACH RESOURCES LIMITED
Suite 2110 – 1177 W. Hastings Street
Vancouver, BC
V6E 2K3

Item 2 Date of Material Change

September 25, 2006

Item 3 Press Release

News Release dated September 25, 2006 disseminated to B.C. Securities Commission, Alberta Securities Commission, and Canada News Wire under section 7.1 of National Instrument 51-102

Item 4 Summary of Material Change

See attached copy of the September 25, 2006, News Release.

Item 5 Full Description of Material Change

See attached copy of the September 25, 2006, News Release.

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 Senior Officers

Malcolm Fraser, President of the Issuer, is knowledgeable about the material change and this report. His business telephone no. is (604) 688-5007.

Item 9 Date of Report

25th day of September, 2006.

“Malcolm Fraser”,
President and Director

2110–1177 W. Hastings St. Vancouver, B.C. V6E 2K3 Tel: (604) 688-5007 Fax: (604) 681-5259 **Trading Symbol: TEA-V**

Toll Free: 1-888-955-5656

September 25, 2006 Trading Symbol: TEA

Kern-Front Acquisition Update

The Company wishes to announce that it has filed with the TSX Venture Exchange for approval of the acquisition of a 60% ownership interest in the Kern Front Oil and Gas field in Bakersfield, California, previously announced on April 28th, 2006.

At the time the Purchase Agreement was entered into and the NI 51-101 compliant Technical Report was prepared, production was on standby, pending State approval for the water injection wells. The Company has since been advised by the operator of the Property, that since that time, the following developments have taken place on the Property:

- 12 wells brought to readiness for oil production on the Judkins and Mitchel oil leases
- Approval of 5 water injection permits
- Completion of one of the permitted water injection well to service production from 12 production wells and to improve reservoir flow distribution to further increase production
- Installation: full complement of flow lines, measurement flow control equipment for Judkins and Mitchel leases and for each producing well
- Complete modification of the processing facilities (DEHY)
- Complete refurbishment of the existing Mitchel oil processing facility
- Complete restoration and enhancement of flow lines, gas lines
- Installation and connection of a new heating facility (Petrotherm)
- Installation of new and refurbishment of the prior electrical power systems on Judkins and Mitchel leases to accommodate current and anticipated demands.

The Operator advises that the Property has now 12 wells ready for commercial production and that all regulatory approvals have been obtained from the appropriate California State or Federal regulatory authorities for the foregoing work. The Operator is now developing plans for expansion to 63 production wells on the Property, and that the first sales of oil from the Property can be expected shortly.

The transaction is subject to receipt of regulatory approval.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not historical facts and are subject to risks and uncertainties which could cause actual results and the timing of certain events to differ materially from those set forth in or implied herein including, without limitation, risks associated with oil and gas exploration, development and production operations and other risks, uncertainties and other factors that are beyond the control of the Company.

The TSX Venture Exchange has neither approved nor disapproved of the information contained herein.

ON BEHALF OF THE BOARD OF DIRECTORS

"Malcolm Fraser"
President and Director