MATERIAL CHANGE REPORT

UNDER SECTION 146(1) OF THE *SECURITIES ACT* (ALBERTA) AND UNDER COMPARABLE PROVISIONS OF THE SECURITIES LEGISLATION IN THE PROVINCE OF BRITISH COLUMBIA

1. **Reporting Issuer:**

   King Energy Inc.
   1050, 444 – 5th Avenue SW
   Calgary, AB T2P 2T8

2. **Date of Material Change:**

   February 17, 2006.

3. **News Release:**

   A press release was issued in respect of the material change on February 17, 2006.

4. **Summary of Material Change:**

   King Energy Inc. ("King") announced that it has executed a pre-acquisition agreement with Vanquish Oil & Gas Corporation ("Vanquish") whereby Vanquish has agreed to acquire, by means of formal take-over bid, all of the issued and outstanding common shares of King at a purchase price of $1.25 per share.

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

   Reference is made to the press release attached hereto.

6. **Reliance on Section 146(2) of the Alberta Securities Act or other equivalent sections of provincial section legislation where this report is filed:**

   Not applicable.

7. **Omitted Information:**

   No material information has been omitted from this Report.

8. **Senior Officers:**

   For further information, please contact Mr. Roger Giovanetto, Chief Executive Officer at (403) 269-3372.

9. Pursuant to Part 6 of NI No. 51-101, this material change does not impact on the reserve reports.

10. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to in this report.

Dated this 17th day of February, 2006.

KING ENERGY INC.

Per: "Roger Giovanetto"
Roger Giovanetto
Chief Executive Officer

KING ENERGY INC.

February 17, 2006 For Immediate Release

King Energy Enters into Agreement for Cash Offer

CALGARY, Alberta February 17, 2006/CNW/ - King Energy Inc. ("King") (TSXV: KNG) is pleased to announce it has signed a Pre-Acquisition Agreement dated as of February 16, 2006 with Vanquish Oil & Gas Corporation ("Vanquish"), a private Alberta oil and gas exploration and development corporation, operating out of Calgary, Alberta. Pursuant to this agreement, Vanquish proposes to acquire, by way of a formal take-over bid, all of the outstanding common shares of King at a price of $1.25 per common share to be satisfied by way of cash payments to the King shareholders. This represents a premium of approximately 31.6% above King's closing price of $0.95 per share on February 16, 2006. As contemplated by the Pre-Acquisition Agreement, Vanquish has put up a deposit of $500,000. Vanquish will fund its take-over bid through and as part of a $20 Million senior secured bridge facility being provided by Brookfield Bridge Lending Fund Inc.

The Board of Directors of King has unanimously agreed to recommend that its shareholders accept Vanquish's offer.

In addition, all directors and officers of King, representing approximately 66.8% of King's fully diluted shares, have signed Pre-Tender Agreements whereby they have agreed to tender their shares to the Vanquish offer.

The transaction will be conditional upon at least 90 percent of King's diluted common shares being tendered, as well as regulatory approval and other conditions customary in a transaction of this nature. King has agreed to pay Vanquish a termination fee of $500,000 in certain circumstances and has agreed not to solicit other transaction proposals. King and Vanquish anticipate that the take-over offering documentation will be mailed to shareholders on or about February 21, 2006.

Mustang Capital Partners Inc. acted as financial advisor to King with respect to this transaction and has advised the Board of Directors of King that it expects it will be in a position, subject to a review of the final form of documents, to provide an opinion that the consideration to be received by King shareholders pursuant to this transaction, is fair, from a financial point of view, to King shareholders.

King Energy Inc. is a Calgary-based emerging oil and natural gas company engaged in the development, acquisition and production of natural gas and oil reserves in Alberta. King's common shares trade on the TSX Venture Exchange under the symbol KNG.

For further information, contact:
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