MATERIAL CHANGE REPORT

1. **Reporting Issuer:**

   Innova Exploration Ltd. ("Innova")
   Suite 900, 407 – 2nd Street S.W.
   Calgary, AB T2P 2Y3

2. **Date of Material Change:**

   July 17, 2006

3. **News Release**

   Press release dated July 17, 2006 disclosing in detail the material summarised in this material change report was issued by Innova from Calgary, Alberta on July 17, 2006, and disseminated through the facilities of a recognized newswire service, which would have been received by the securities commissions in each jurisdiction where Innova is a "reporting issuer" and the stock exchange on which the securities of Innova are listed and posted for trading in the normal course of its dissemination.

4. **Summary of Material Change:**

   On July 19, 2006, Innova announced that it has entered into an agreement with a syndicate of underwriters led by BMO Capital Markets, GMP Securities LP and including Blackmont Capital Inc. (the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a bought deal basis for resale to the public, 4,250,000 common shares of the Company at a price of $5.65 per common share for gross proceeds of $24,012,500. In addition, the Underwriters have been granted an over-allotment option to purchase up to an additional 637,500 common shares at a price of $5.65 per common share for additional gross proceeds of $3,601,875, exercisable for a period of 30 days from the date of closing.

   The common shares will be offered in all of the provinces in Canada other than Quebec by way of short form prospectus. Closing is expected on or about August 10, 2006. The offering is subject to the receipt of all necessary regulatory and stock exchange approvals.

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

   See the attached press release.

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

   Not Applicable

7. **Omitted Information:**

   Not Applicable

8. **Executive Officer:**

The name and business numbers of the executive officer of Innova who is knowledgeable of the material change and this report is:

Kevin J. Gibson, President and Chief Executive Officer
Telephone: (403) 699-8475
Facsimile: (403) 274-5366

9. **Date of Report**

Dated this 19th day of July, 2006.

TSX Symbol “IXL”
Monday, July17, 2006

PRESS RELEASE

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Innova Exploration Announces Expansion of 2006 Capital Budget and $24.0 Million Equity Financing

Calgary, Alberta – Innova Exploration Ltd. (“Innova” or the “Company”) (IXL - TSX) is pleased to announce the following financing and expanded capital budget:

$24.0 Million Bought Deal Equity Financing

Innova has entered into an agreement with a syndicate of underwriters led by BMO Capital Markets and GMP Securities LP and including Blackmont Capital Inc. (collectively, the “Underwriters”), pursuant to which the Underwriters have agreed to purchase, on a bought deal basis for resale to the public, 4,250,000 common shares of the Company at a price of $5.65 per common share for gross proceeds of $24,012,500. In addition, the Underwriters have been granted an over-allotment option to purchase up to an additional 637,500 common shares at a price of $5.65 per common share for additional gross proceeds of $3,601,875, exercisable for a period of 30 days from the date of closing.

The common shares will be offered in all of the provinces in Canada other than Quebec by way of short form prospectus. Closing is expected on or about August 10, 2006. The offering is subject to the receipt of all necessary regulatory and stock exchange approvals.

2006 Capital Budget Expansion

Proceeds from this offering will be used to expand Innova’s successful development of its Bakken light oil play in southeast Saskatchewan. The Company has more than 900 gross drilling locations on its lands including horizontal Bakken locations based on eight wells per section.

Accordingly, Innova’s Board of Directors has approved an increase to the 2006 capital budget by $29.2 million, from $71.1 million to $100.3 million. For the balance of the year, Innova proposes to drill approximately 27 (14.1 net) wells targeting light sweet crude in the Bakken, 5 (1.7 net) wells targeting Mississippian oil and 6 (3.2 net) wells in British Columbia targeting Cretaceous sweet natural gas. The expanded capital budget will also fund land acquisition, tie-in of existing producing wells, implementation of a pilot Bakken waterflood and facility construction.

Although these activities comprise a significant portion of the incremental capital, they will have only a minor impact on 2006 production volumes due to expenditures late in 2006. Consequently, the Company’s current production guidance does not change. The expenditures are expected to a have potential positive impact to reserves (land acquisition and pilot waterflood) and improvement of operating net-back (tie-ins and facility work).

Based on the positive results to-date, the Company plans to fracture stimulate all previously drilled Bakken horizontal wells and the majority of the wells drilled in the second half of 2006. The pilot waterflood will determine the feasibility of a field-wide secondary recovery scheme and is based on positive laboratory results. Construction of the Viewfield gas plant continues, with completion and tie-in anticipated in August 2006. Innova has a 25% working interest in this gas plant.

Bakken Land Acquisition

During the second quarter of 2006, Innova successfully expanded its undeveloped Bakken land holdings in southeast Saskatchewan by adding 16.7 (9.0 net) sections. The Company now has more than 206 (120 net) sections of land with Bakken mineral rights. Further drilling on these acquired lands has the potential to add significantly to Innova's drilling inventory.

Innova is a Canadian junior oil and gas company engaged in the exploration, development and production of light oil and natural gas reserves in the provinces of Saskatchewan, Alberta and British Columbia.

FORWARD LOOKING STATEMENTS

This press release may contain forward-looking statements including expectations of future production, cash flow, capital expenditures and earnings. These statements are based on current expectations that involve a number of risks, uncertainties and assumptions which could cause actual results to differ from those anticipated. These risks include, but are not limited to: the risks associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Additional information on these and other factors that could affect Innova's operations or financial results are included in Innova's reports on file with Canadian securities regulatory authorities.

Production information is commonly reported in units of barrels of oil equivalent or boe. A boe conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency for the individual products at the wellhead. Such disclosure of boe's may be misleading, particularly if used in isolation.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

For further information, Innova's full 2005 Annual Report to Shareholders and the Annual Information Form have been posted on the Company's website: www.innovaexploration.com or, alternatively, can be viewed on Innova's SEDAR profile at www.sedar.com.

For further information, please contact:

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THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

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