RICHARDS OIL & GAS LIMITED

MATERIAL CHANGE REPORT
FORM 51-102F3

1. **Reporting Issuer**

   Richards Oil & Gas Limited
   600, 815 – 8th Avenue S.W.
   Calgary, Alberta, T2P 3P2

2. **Date of Material Change**

   December 29, 2006

3. **Press Release**

   Richards Oil & Gas Limited (the "Corporation") issued a press release with respect to the material change described below on December 29, 2006.

4. **Summary of Material Change**

   The Corporation, on December 29, 2006, completed a private placement offering by issuing 4,000,000 flow-through shares at a price of $1.00 per share for gross proceeds to the Corporation of $4,000,000. Each flow-through share issued will qualify as a flow-through share for the purposes of the *Income Tax Act* (Canada).

5. **Full Description of Material Change**

   The material change is fully described in the press release attached hereto as Schedule "A".

6. **Confidentiality of Material Change Report**

   Not applicable.

7. **Omitted Information**

   Not applicable.

8. **Senior Officer**

   The senior officer who can answer questions regarding this report is Mr. David Thomas, President & CEO of the Corporation. Mr. Thomas can be reached at (403) 265-8444 or by email at dthomas@richardsoilandgas.com.

9. **Statement of Senior Officer**

   The foregoing accurately discloses the material change referred to herein.

SIGNED the 3rd day of January, 2007 at Calgary, Alberta.

(signed) "David Thomas"
President & CEO

RICHARDS
OIL & GAS LIMITED

| NEWS RELEASE |

FOR IMMEDIATE RELEASE:

RICHARDS OIL & GAS LIMITED CLOSES $4 MILLION PRIVATE PLACEMENT FINANCING OF FLOW THROUGH SHARES

Calgary, Alberta, December 29, 2006 – David Thomas, President and CEO of Richards Oil & Gas Limited (the "Corporation"), is pleased to announce the closing of the previously announced private placement, flow through share offering, for $4 million. The proceeds of the offering will be used by the Corporation to aggressively pursue its drilling program in the Ardley coals.

The Corporation has started its testing program on its first horizontal Ardley coal well drilled earlier in the month and expects to have results within 3 to 4 weeks.

Mr. Thomas added that “The continued thrust to accelerate and broaden the horizontal exploration and testing of the Ardley coals, is a key component of the Corporation’s resource to reserves strategy.”

The securities referenced herein have not and will not be registered under the United States Securities Act of 1933 (the “1933 Act”) and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S under the 1933 Act) unless the securities have been registered under the 1933 Act, or are otherwise exempt from such registration.

Richards Oil & Gas Limited is a Calgary-based exploration company, involved in the development of crude oil and natural gas, with an emphasis on the exploitation of coal bed methane (CBM). With a significant land base and industry-leading experience in the development of CBM projects, the company is at the forefront of the CBM industry in Western Canada. The company is able to capitalize on opportunities that create both short-term cash flow and long-term value for its shareholders.

For more information, please contact:

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