**MATERIAL CHANGE REPORT**

**1. Name and Address of Company:**

Tenergy Ltd.
2810, 605 5th Avenue S.W.
Calgary, Alberta T2P 3H5

(hereinafter "Tenergy" or the "Company")

**2. Date of Material Change:**

December 15, 2005

**3. News Release:**

A press release setting forth certain particulars of the material change described herein was issued at Calgary, Alberta on December 15, 2005.

**4. Summary of Material Changes:**

The Company has completed a $10,527,742 million private placement of 766,900 common shares and 1,166,667 common shares on a flow-through basis. The proceeds of the placement will be used primarily to fund Tenergy's drilling program on its Tenaka natural gas project in northeast British Columbia. Tenergy plans to drill up to four wells in the first quarter of 2006 on this property.

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

See attached news release.

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

N/A

**7. Omitted Information:**

N/A

**8. Executive Officer:**

For further information concerning the material change described herein, please contact:

Jan Alston
Chief Executive Officer
Ph: 403.264.1336
Fax: 403.269.5083

DATED at Calgary, Alberta the 15th day of December, 2005.

**December 15, 2005**

# TENERGY CLOSES $10.5 MILLION FINANCING

CALGARY, ALBERTA – Tenergy Ltd. (TSX–TGY) announces that it has closed the previously announced flow-through and common share financing. Tenergy has issued, by way of private placement, 1,166,667 flow-through common shares at $6.00 per share and 766,900 common shares at $4.60 per share for gross proceeds of $10,527,742.

Acumen Capital Partners and GMP Securities L.P. were agents for the offering. After the issuance of 1,933,567 common shares pursuant to the private placement, Tenergy will have 13,067,108 common shares issued and outstanding.

The proceeds of the financing will be used primarily to fund Tenergy's drilling program on its Tenaka natural gas project in northeast British Columbia. This property encompasses approximately 88,000 gross (38,000 net) acres of contiguous lands covering 129 gas spacing units at an average working interest of 42 percent. Three Slave Point wells drilled last winter were placed on production in April 2005. Production from the three wells currently exceeds a net 800 boe/d. Tenergy has identified up to 12 drilling locations on 3D seismic, including follow-up locations to last winter's drilling and other separate prospects. Additional contingent drilling locations are being developed. Tenergy has contracted a drilling rig and plans to drill up to four wells in the first quarter of 2006 on this property.

Tenergy is a natural gas-focused junior created out of the reorganization of Purcell Energy Ltd. completed on November 2, 2005.

For further information contact Jan Alston or Bruce Murray at (403) 261-3399; www.tenergy.com, or Peter D. Knapp of Iradesso Communications Corp. at (403) 503-0144 ext. 202.