

MATERIAL CHANGE REPORT

1. REPORTING ISSUER

TUSK Energy Inc. ("TUSK")
1950, 700 - 4th Avenue S.W.
Calgary, Alberta T2P 3J4

2. DATE OF MATERIAL CHANGE

June 30, 2003

3. PRESS RELEASE

A press release announcing the material change was issued on June 30, 2003.

4. SUMMARY OF MATERIAL CHANGES

On June 30, 2003, TUSK announced that its take-over bid for all of the shares (the "Sunfire Shares") of Sunfire Energy Corporation ("Sunfire") was successful. A total of 12,421,533 Sunfire Shares, representing approximately 94.3% of the issued and outstanding Sunfire Shares, were tendered and accepted for payment by TUSK. Coincident with the closing of the Sunfire acquisition, 9,500,000 subscription receipts, issued pursuant to the bought-deal financing announced on May 23, 2003, were deemed to be converted into 9,500,000 common shares of TUSK.

5. FULL DESCRIPTION OF MATERIAL CHANGES

On June 30, 2003, TUSK announced that its take-over bid for all of the Sunfire Shares was successful. A total of 12,421,533 Sunfire Shares, representing approximately 94.3% of the issued and outstanding Sunfire Shares, were tendered and accepted for payment by TUSK.

The Sunfire Shares were halted prior to market opening on June 30, 2003 and will not recommence trading. TUSK will acquire the balance of the Sunfire Shares not tendered to the bid pursuant to the compulsory acquisition procedures available to it under the *Business Corporations Act* (Alberta).

Coincident with the closing of the Sunfire acquisition, 9,500,000 subscription receipts, issued pursuant to the bought-deal financing announced on May 23, 2003, were deemed to be converted into 9,500,000 common shares of TUSK (the "Common Shares"). Holders of subscription receipts will be mailed the Common Shares issued upon the deemed exercise of the subscription receipts. Such Common Shares are subject to the remainder of a four-month hold period that commenced on May 23, 2003.

At the closing of the Sunfire acquisition, TUSK's line of credit was increased to \$65 million. The net proceeds of the issue, together with additional bank indebtedness of approximately \$15.9 million, provided the funds for closing the take-over bid for Sunfire.

Upon the closing of the Sunfire acquisition, the production of TUSK is 5,700 boepd, of which more than 70% is natural gas. Through a combination of new gas wells drilled in June at Whitefish, Gage

and Thorhild (Sunfire) and new compression being installed at both Blackfoot (Sunfire) and Saddle Lake, TUSK has more than 500 boepd of additional capacity behind pipe. Production is expected to increase to approximately 6,000 boepd prior to the end of July as some of this additional gas capability is placed on-stream.

New debt at closing is approximately \$56 million and approximately 30.2 million Common Shares are issued and outstanding. Annualized cash flow at closing is approximately \$47 million, for a debt to cash flow ratio of approximately 1.19.

6. **FILING ON A CONFIDENTIAL BASIS**

Not applicable.

7. **OMITTED INFORMATION**

Not applicable.

8. **SENIOR OFFICERS**

For further information, please contact:

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OR: Gordon K. Case
Vice President of Finance and Chief
Financial Officer

9. **STATEMENT OF SENIOR OFFICER**

The foregoing accurately discloses the material changes referred to herein.

DATED at the City of Calgary, in the Province of Alberta, this 7th day of July, 2003.

TUSK ENERGY INC.

Per: "Norman W. Holton"
Norman W. Holton
President and Chief Executive Officer