MATERIAL CHANGE REPORT

Material Change Report under Section 146(1) of the *Securities Act*, Alberta, Section 75(2) of the *Securities Act*, Ontario, Section 67(1) of the *Securities Act*, British Columbia.

ITEM 1 Reporting Issuer:

The reporting issuer is Kinloch Resources Inc. ("Kinloch" or the "Company"), whose principal office is located at 1025, 400 - 5th Ave. S.W., Calgary, AB T2P 0L6.

ITEM 2 Date of Material Change(s):

The date of the Material Changes were May 15, 2003 and May 23, 2003.

ITEM 3 News Release:

News releases were issued through the facilities of Canadian Corporate News Inc. on May 15, 2003 and May 23, 2003.

ITEM 4 Summary of Material Change(s):

Kinloch and Nu-Sky Energy Inc. ("Nu-Sky") jointly announced that they have executed an agreement pursuant to which Kinloch intends to acquire all of the issued and outstanding shares of Nu-Sky, by way of plan of arrangement, for consideration of approximately $16,900,000 cash and 9,100,000 Kinloch common shares. The transaction is expected to be completed by the end of August 2003.

Kinloch also announced that at its annual general and special meeting held on May 15, 2003, shareholder approval was received for an amendment to its Stock Option Plan to increase the aggregate number of common shares reserved for issuance on the exercise of stock options from 680,000 common shares to 880,000 common shares.

In accordance with TSX Venture Exchange policies, Kinloch announced, as incentive compensation , the reservation of 100,000 stock options at the market trading price of $1.05 per share for Curtis W. Labelle, P.Eng., Vice President Operations and 46,000 stock options at the market trading price of $1.05 per share for Mr. Parisien, Controller, at the market trading price of $1.05 per share. Kinloch further provided notice of a private placement of 120,000 shares at a subscription price of $0.84 per share to be subscribed by Mr. Parisien.

ITEM 5 Full Description of Material Change(s):

Kinloch and Nu-Sky Energy Inc. ("Nu-Sky") jointly announce that they have executed an agreement pursuant to which it is intended that Kinloch will acquire all of the issued and outstanding shares of Nu-Sky, by way of plan of arrangement, for consideration of approximately $16,900,000 cash and 9,100,000 Kinloch common shares. Each holder of common shares of Nu-Sky will, if the arrangement becomes effective, be entitled to receive, at the election of the holder for each of such holder's common shares of Nu-Sky (i) $0.9154 per common share; (ii) 0.9145 of a Kinloch common share; or (iii) a 65%/35% blend of cash and Kinloch common shares; provided that the aggregate cash pool is $17,000,000 and the aggregate Kinloch common share pool is 9,100,000 Kinloch common shares. Elections that would otherwise result in either pool of consideration being exceeded would be prorated.

The cash consideration is intended to be funded through a combination of the working capital balances of Kinloch and Nu-Sky, current credit facilities of Nu-Sky and Kinloch and incremental indebtedness. Kinloch has reserved the right to issue equity to reduce the debt and provide funds for capital projects.

The transaction is subject to a number of normal conditions including approvals of Nu-Sky and Kinloch shareholders, approvals of the exchanges upon which the shares are listed and court approval. In addition, the transaction is conditional upon the change of Kinloch's Series A preferred shares into common shares on a one for one basis and the availability, post acquisition, of prescribed levels of credit facilities.

The transaction has the unanimous support of all the members of both Boards of Directors. Directors of Nu-Sky and other individuals have committed to enter into Lock-up Agreements for all of the shares held by this group, which represents 16% of the issued and outstanding common shares of Nu-Sky. In a similar fashion, all of the Officers and Directors of Kinloch have agreed to enter into Lock-up Agreements for all of the shares held by this group representing 30% of the issued and outstanding common shares of Kinloch.

The combined company will have approximately 17,900,000 common shares outstanding (after giving effect to the conversion of the Series A preferred shares of Kinloch) and be primarily a natural gas producer with production of approximately 1800 boe/d, based on 6 mcf:1boe, comprised of 10.0 mmcf per day natural gas and 160 barrels per day of light oil and natural gas liquids. The combined company will have 21,600 acres of net undeveloped land. The combined company is expected to have a total working capital deficiency and indebtedness of $13,000,000.

The transaction is expected to be completed by the end of August 2003. Les Hofmeister, P.Eng., President, CEO and a Director of Nu-Sky is expected to join the board of directors of Kinloch after completion of the acquisition. Jennings Capital Inc. acted as financial advisor for Nu-Sky in connection with this transaction and have provided a fairness opinion.

Kinloch also announced that at its annual general and special meeting held on May 15, 2003, shareholder approval was received for an amendment to its Stock Option Plan to increase the aggregate number of common shares reserved for issuance on the exercise of stock options from 680,000 common shares to 880,000 common shares. The amendment to the Stock Option Plan is subject to final approval of the TSX Venture Exchange.

In accordance with TSX Venture Exchange policies, Kinloch announced, as incentive compensation , the reservation of 100,000 stock options at the market trading price of $1.05 per share for Curtis W. Labelle, P.Eng., Vice President Operations and 46,000 stock options at the market trading price of $1.05 per share for Mr. Parisien, Controller, at the market trading price of $1.05 per share. Kinloch further provided notice of a private placement of 120,000 shares at a subscription price of $0.84 per share to be subscribed by Mr. Parisien for gross proceeds of $100,800 to Kinloch. The private placement to Mr. Parisien forms part of his incentive compensation as Kinloch's employee compensation is weighted heavily towards share ownership. The reservation of stock options and the private placement are subject to final approval of the TSX Venture Exchange.

ITEM 6 Reliance on Section 146(2) of the Securities Act (Alberta), (or similar provisions of the other jurisdictions where this report is being filed):

Not applicable.

ITEM 7 Omitted Information:

Not applicable.

ITEM 8 Senior Officers

Paul Read,
President and CEO
Kinloch Resources Inc.
1025, 400 - 5th Ave. S.W.
Calgary, AB T2P 0L6
Tel: (403) 503 - 0573

ITEM 9 Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

Dated at the City of Calgary, Alberta this 26th day of May, 2003.

(signed)
Paul Read
President & CEO