

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 Change was June 6, 2003.

ITEM 3 News Release:

A news release was issued through the facilities of Canada News Wire on June 6, 2003.

ITEM 4 Summary of Material Change(s):

Kinloch and Nu-Sky Energy Inc. ("Nu-Sky") jointly announced the conclusion of their respective due diligence reviews in connection with, and amended the terms of, their previously announced 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. Pursuant to the amended terms, Kinloch will deliver aggregate consideration of approximately \$13,260,000 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) \$0.8275 per common share; or (ii) 0.8275 of a Kinloch common share; or (iii) a 59.3%/40.7% blend of cash and Kinloch common shares.

ITEM 5 Full Description of Material Change(s):

Kinloch and Nu-Sky Energy Inc. ("Nu-Sky") jointly announced the conclusion of their respective due diligence reviews in connection with, and amended the terms of, their previously announced 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. Pursuant to the amended terms, Kinloch will deliver aggregate consideration of approximately \$13,260,000 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) \$0.8275 per common share; or (ii) 0.8275 of a Kinloch common share; or (iii) a 59.3%/40.7% blend of cash and Kinloch common shares.

However, the aggregate cash pool is \$13,260,000 plus \$0.8275 for each common share of Nu Sky issued upon the exercise of outstanding stock options of Nu Sky after June 5, 2003, 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 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. Jennings Capital Inc. acted as financial advisor for Nu-Sky in connection with this transaction and have provided a fairness opinion.

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. Both companies added a significant amount of new production during first quarter which saw the combined average production peak at 1800 boe/d and pro-forma combined annual average production is expected to be 1400 boe/d for 2003, based on 6 mcf:1 boe. The combined company will have 21,600 acres of net undeveloped land.

The transaction is expected to be completed by the end of July 2003.

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 9th day of June, 2003.

(signed)
Paul Read
President & CEO