MATERIAL CHANGE REPORT

UNDER SECTION 146(1) OF THE *SECURITIES ACT* (ALBERTA) AND UNDER COMPARABLE PROVISIONS OF THE SECURITIES LEGISLATION IN THE PROVINCE OF BRITISH COLUMBIA

1. **Reporting Issuer:**

   Launch Resources Inc.
   900, 800 – 6th Avenue S.W.
   Calgary, Alberta
   T2P 3G3

2. **Date of Material Change:**

   May 13, 2004.

3. **News Release:**

   A press release was issued in respect of the material change on May 13, 2004.

4. **Summary of Material Change:**

   Launch Resources Inc. is pleased to update recent corporate developments.

   The company has recently renegotiated its subordinated debenture, subject to TSX Venture exchange approval, increasing the available amount from $2.5 million to $6.0 million. The debenture incorporates the 1,300,000 share purchase warrants previously agreed. In conjunction with the increase in the debenture, the company has reached agreement with a number of its creditors, including some insiders, to restate their short-term, unsecured debt and accept longer term debt.

   The company has also reached an agreement with certain 2001 flow-through shareholders to indemnify the shareholders for renouncements not made by the company, specifically the tax portion and accrued interest. A total of $1,193,029 including $268,473 in interest is included as a debt under the above debenture. The balance of the company's obligations to the 2001 flow-through shareholders was met by renouncing appropriate expenditures. The company has therefore now fulfilled all its obligations under the 2001 agreement. Effective December 31, 2003, the company issued 8,893,195 flow-through common shares at $0.20 per flow-through share and 830,811 common shares at $0.15 per common share for aggregate consideration of $1,903,260.65.

   The company has therefore drawn $4,698,546 under the debenture as of March 1, 2004. The company intends to draw additional funds, up to the maximum amount, to allow the company to continue its capital program and to meet certain debt reduction requirements. As of April 16, 2004, the company has drawn an additional $680,000 for this purpose.

Additional funds will be drawn to complete three wells (and a further workover on a shut-in well) in which the company has interests at Retlaw, Alberta.

Launch is also pleased to announce that it has negotiated an extension of its bank facility under the original terms. A new opening balance of $4,400,000 was established and monthly principal payments were reduced to $150,000 per month until July and $200,000 per month thereafter. This is a reduction from $325,000 per month under the previous line.

Finally, Launch announces the results of its reserve evaluation for the year ended December 31, 2003. The company retained Chapman Petroleum Engineering Ltd. to conduct the evaluation of the company's reserves. The 2003 report was prepared using the guidelines set out in National Instrument 51-101. For comparative purposes, the company's December 31, 2002 reserves are also shown, prepared by Ashton, Jenkins, Mann according to National Policy 2-B, the previous standard. It must be cautioned that the total reserves in each category, prepared under the two standards, are not comparable.

5. Full Description of Material Change:

Reference is made to the press release attached hereto.

6. Reliance on Section 146(2) of the Alberta Securities Act or other equivalent sections of provincial section legislation where this report is filed:

Not applicable.

7. Omitted Information:

No material information has been omitted from this Report.

8. Senior Officers:

For further information, please contact John Burlington, President and Chief Executive Officer at (403) 264-4073 or by facsimile at (403) 264-4077.

9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to in this report.

Dated this 18th day of May, 2004.

LAUNCH RESOURCES INC.

Per: *"John Burlington"*
John Burlington
Chief Executive Officer

900, 800 – 6th Avenue SW, Calgary, AB T2P 3G3 Phone: (403) 264-4073 Fax: (403) 264-4077
Web: www.launchresources.ca

Launch Resources Inc.

PRESS RELEASE May 13, 2004

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Company Reserves[1]	**Oil and NGL (MSTB)**		**Gas (MMCF)**	
	2003	**2002**	**2003**	**2002**
Proved Producing	176	536	1,591	7,327
Proved Non-Producing	-	-	1,281	-
Proved Undeveloped	-	77	-	280
Total Proved	176	613	2,872	7,607
Probable	397	495	2,327	3,536
Total Proved + Probable	573	1,108	5,198	11,143
Possible	72	-	1,164	-

Forecast Net Revenue	**DCF 0%**	**DCF 10%**	**DCF 15%**
2002 Proved + Probable[2]	45,897	29,106	24,857
2002 Proved + ½ Probable[3]	37,403	24,493	21,167
2003 Proved + Probable[4]	19,216	13,513	11,835

1 Company's interests, before royalties
2 Unrisked reserves
3 Risked at 50%
4 Risked at 50% and NI 51-101 compliance

Year-End Reconciliation

		Crude Oil		Natural Gas		NGL		Barrel Equivalent		
		Proved	Probable	Proved	Probable	Proved	Probable	Proved	Probable	Total
		Oil (mstb)		Gas (bcf)		NGL (mstb)		mboe (6:1)		mboe
Jan 1/03	P+P Reserves	513.0	466.7	7.6	3.5	99.0	28.0	1,879	1,078	2,957
	Revision*	-	(233.4)	-	(1.75)	-	(14.0)	-	(539)	(539)
	P+1/2P	513.0	233.4	7.6	1.75	99.0	14.0	1,879	539	2,418
	Production	(47.3)	-	(0.6)	-	(5.7)	-	(151)	-	(151)
	Additions	-	157.5	3.2	0.75	7.1	-	537	280	817
	Disposition	(133.0)	(0.9)	(3.9)	(0.2)	(42.0)	-	(818)	(37)	(855)
	Revisions	(174.8)	-	(3.5)	-	(40.4)	(7.0)	(792)	-	(792)
Jan 1/04	Reserves	**158.0**	**390.0**	**2.9**	**2.3**	**18.0**	**7.0**	**655**	**782**	**1,436**

** The initial reserve revision is attributed to changes in reserves definitions between National Policy 2B (2003) and NP 51-101 (2004). Chapman feels that, for comparative purposes, P+P1/2P (2003) should be compared to P+P in 2004.*

The significant negative revisions were due to unanticipated decline in reserves at a Retlaw gas well. A remedial program was undertaken on the reservoir, but it will be several months before the results of the program can be determined.

Pricing Forecast

2003 forecast net revenue for the above was determined using Chapman's Pricing Forecast, as follows:

Year	Oil WTI ($US/bbl)	Oil Edmonton Par ($C/bbl)	Natural Gas AECO Spot ($C/bbl)
2004	31.25	41.17	5.75
2005	29.25	38.50	5.25
2006	28.25	37.17	5.00
2007	27.00	35.50	5.00
2008	27.41	36.03	5.00
2009	27.82	36.57	5.00

Finding Costs

Finding costs are derived by dividing all exploratory and developments costs incurred in a period by the proved and probable reserves added in that period. The costs are further adjusted to include any future development activity required to place the reported reserves on production and the provision for asset retirement. Based on estimated capital costs of $3,807,646 for the 2003 program (including estimated tie-in and completion costs yet to be incurred) and proved + probable reserve additions of 817,000 boe (Proved – 537,000 boe), Launch's finding and development cost for 2003 was $4.66/boe (Proved - $7.09/boe). The capital program included a total of nine wells (6.32 net) and resulted in five new pool discoveries (4 gas pools and 1 oil pool). P+P reserve additions replaced production by 5.4 times (Proved – 3.6 times).

For further information, please contact:

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Shelina Hirji, CMA
Vice-President, Finance
E-mail: shirji@launchresources.ca

Forward looking statements – statements included in this press release that are not historical facts may be considered "forward looking statements". All estimates and statements that describe the Company's objectives, goals or future plans are forward looking statements. Forward looking statements involve inherent risks and uncertainties where actual results could differ materially from those currently anticipated.