# MATERIAL CHANGE REPORT

**Section 85(1) of the *Securities Act* (British Columbia)**
**Section 146(1) of the *Securities Act* (Alberta)**
**Section 84(1) of *The Securities Act, 1988* (Saskatchewan)**
**Section 75(2) of the *Securities Act* (Ontario)**
**And Similar Provisions of Other Provincial Securities Legislation**

1. **Reporting Issuer**

   The name and address of the reporting issuer is:

   Mustang Resources Inc.
   101 - 10th Street N.W.
   Calgary, AB T2N 1V4

2. **Date of Material Change**

   The material change occurred on January 29, 2004.

3. **Press Release**

   A press release reporting the material change was issued on January 30, 2004 at Calgary, Alberta.

4. **Summary of Material Change**

   Mustang Resources Inc. announces successful drilling results.

5. **Full Description of Material Change**

   Mustang Resources Inc. ("Mustang" or the "Company") announced the successful results of its 2003 drilling program. The Company drilled 29 gross wells (18.5 net), all in the second half of 2003. To date 11 gross (5.0 net) wells are currently on production, 6 gross (5.2 net) wells are being tied in, 4 gross (2.2 net) wells are cased and are presently being evaluated and the remaining 8 gross (6.1 net) wells were dry and abandoned. As a result Mustang is currently producing in excess of 1,000 boe/d. Mustang estimates that it has approximately 700 boe/d of behind pipe production that should be all on stream by the end of April.

   The behind pipe production is situated in the following areas:

   <u>Medicine River, Alberta</u>

   The projected on-stream date for the Mustang operated Leduc Pinnacle Reef well at 8-35-38-4 W5M is early April/04. This new pool wildcat oil well flowed light oil (44 degree API) at various rates up to 1,000 bbls per day and 750 mcf/d of natural gas (6% H2S) over a six day production test period. Initial production from the well will be at a restricted rate of between 600 to 750 boe/d. The Company will be applying for Good Production Practise (GPP) and Mustang expects the production rates to increase once GPP is obtained. Mustang has a 50% before payout and 35% after payout working interest in the well.

Mustang's second Leduc discovery located at 7-2-38-4 W5M should also be on stream by early April/04. This gas well had an absolute open flow potential of 19 mmcf/d. Mustang is expected to produce the well at a restricted rate of 1.0 mmcf/d or 115 boe/d net to Mustang (70% W.I.).

Central, Alberta

Mustang has drilled two new discovery wells in its Central Alberta core area. The first discovery well is currently producing at a rate of 150 boe/d net to Mustang. The additional two follow up wells will be coming on stream next week at approximately 100 boe/d net to Mustang. The Company expects to have additional drilling activity in this area during 2004 based on this early drilling success.

Mustang has also cased a second discovery well in this core area and is currently evaluating two zones. This well is also expected to be on production by early April/04 at approximately 150 boe/d net to Mustang. The Company will be focusing on this area in 2004 as it has access to 5.5 sections of 100% W.I. land.

Clive, Alberta

Mustang has drilled the first four Horseshoe Canyon shallow gas wells to test a coal bed methane project in the area. The 100% W.I. wells are currently being completed and are expected to be on production by mid February at approximately 80 boe/d. Another 20 follow up locations could be drilled in 2004 on existing Crown lands depending on the production results of the first four wells. Mustang's owns 100% of the pipeline and processing infrastructure that the wells will be tied into.

Mustang’s President and Chief Executive Officer, Rick Todd credits the drilling results to a strong technical team.

6. **Reliance on Confidential Disclosure Provisions**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Senior Officer**

For further information: Richard Todd, President and Chief Executive Officer or Darcy Anderson, Chief Financial Officer at Phone: (403) 283-8990 or Fax: (403) 521-5284.

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED January 30, 2004 at Calgary, Alberta.

**MUSTANG RESOURCES INC.**

By: *(signed) "Darcy Anderson"*
Darcy Anderson
Chief Financial Officer