Mustang Resources Inc.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

EFFECTIVE DECEMBER 31, 2003

PREPARED ON APRIL 20, 2004

In this document, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
Mbbls	thousand barrels
Mmbbls	million barrels
Mstb	1,000 stock tank barrels
Bbls/d	barrels per day
BOPD	barrels of oil per day
NGLs	natural gas liquids
STB	standard tank barrels

Natural Gas

Mcf	thousand cubic feet
Mmcf	million cubic feet
Mcf/d	thousand cubic feet per day
Mmcf/d	million cubic feet per day
MMBTU	million British Thermal Units
Bcf	billion cubic feet
GJ	gigajoule

Other

AECO	EnCana Corp.'s natural gas storage facility located at Suffield, Alberta.
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil.
ARTC	Alberta Royalty Tax Credit
BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
BOE/d	barrel of oil equivalent per day
m3	cubic metres
MBOE	1,000 barrels of oil equivalent
$000s	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade.

Notes and Definitions

The determination of oil and gas reserves involves the preparation of estimates that have an inherent degree of associated certainty. Categories of proved, probable and possible reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery.

The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

"Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The following terms, when used in this document, have the following meanings, as set forth in National Instrument 51-101:

"associated gas" means the gas cap overlying a crude oil accumulation in a reservoir.

"constant prices and costs" means prices and costs used in an estimate that are:

(a) the Corporation's prices and costs as at the effective date of the estimation, held constant throughout the estimated lives of the properties to which the estimate applies;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

For the purpose of paragraph (a), the Corporation's prices will be the posted price for oil and the spot price for gas, after historical adjustments for transportation, gravity, and other factors.

"Corporation" or **"Mustang"** means Mustang Resources Inc.

"crude oil" or **"oil"** means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids.

"development costs" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems.

"development well" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"exploration costs" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells.

"exploratory well" means a well that is not a development well, a service well or a stratigraphic test well.

"field" means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geological barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to denote localized geological features, in contrast to broader terms such as "basin", "trend", "province", "play" or "area of interest".

"forecast prices and costs" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future;

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

"future income tax expenses" means future income tax expenses estimated (generally, year-by-year):

(a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;

(b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;

(c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and

(d) applying to the future pre-tax net cash flows relating to the reporting issuer's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated.

"future net revenue" means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane, and other non-conventional reserves) estimated using constant prices and costs or forecast prices and costs.

"gross" means:

(a) in relation to the Corporation's interest in production or reserves, its "company gross reserves", which are it's working interest (operation and non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;

(b) in relation to wells, the total number of wells in which the Corporation has an interest; and

(c) in relation to properties, the total area of properties in which the Corporation has an interest.

"natural gas" means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural gas can exist in a reservoir either dissolved in crude oil (solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen.

"natural gas liquids" means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons.

"net" means:

(a) in relation to the Corporation's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves;

(b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and

(c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation.

"non-associated gas" means an accumulation of natural gas in a reservoir where there is no crude oil.

"operating costs" or **"production costs"** means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

"production" means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.

"property" includes:

(a) fee ownership or a lease, concession, agreement, permit, licence or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;

(b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and

(c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer).

A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract oil or gas.

"property acquisition costs" means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:

(a) costs of lease bonuses and options to purchase or lease a property;

(b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee;

(c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

"proved property" means a property or part of a property to which the reserves have been specifically attributed.

"reservoir" means a porous and permeable underground formation containing a natural accumulation of producible oil or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

"service well" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation or injection for combustion.

"solution gas" means natural gas dissolved in crude oil.

"stratigraphic test well" means a drilling effort, geologically directed, to obtain information pertaining to a specific geological condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as (a) "exploratory type" if not drilled into a proved property; or (b) "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells".

"support equipment and facilities" means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

"unproved property" means a property or part of a property to which no reserves have been specifically attributed.

"well abandonment costs" means costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. They do not include costs of abandoning the gathering system or reclaiming the wellsite.

Oil and Natural Gas Reserves and Net Present Value of Future Net Revenue

In accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities, McDaniel and Associates Consultants Ltd. ("McDaniel") prepared a report (the "McDaniel Report") dated April 8, 2004. The McDaniel Report evaluated, as at December 31, 2003, certain oil, NGL and natural gas reserves of Mustang Resources Inc. ("Mustang" or the "Corporation"). The tables below are summaries as at December 31, 2003 of Mustang's oil, NGL and natural gas reserves and the present worth of future net cash flows associated with such reserves as evaluated in the McDaniel Report based on constant and escalated price assumptions. The tables summarize the data contained in the McDaniel Report and as a result may contain slightly different numbers than the McDaniel Report due to rounding. **All future cash flows are stated prior to provision for income taxes and indirect costs and after deduction of royalties, estimated future capital expenditures and well abandonment costs. It should not be assumed that the present worth of estimated future cash flows shown below is representative of the fair market value of the reserves. There is no assurance that such price and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of Mustang's oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.**

Summary of Oil and Natural Gas Reserves – Constant Prices and Costs

	Gross Reserves			Net Reserves		
	Light and Medium Crude Oil (Mbbls)	Natural Gas Liquids (Mbbls)	Natural Gas (Mmcf)	Light and Medium Crude Oil (Mbbls)	Natural Gas Liquids (Mbbls)	Natural Gas (Mmcf)
Proved						
Developed Producing	209.6	98.9	3713.0	191.0	68.3	3086.4
Developed Non-Producing	260.4	80.7	2898.2	186.0	55.9	1789.9
Undeveloped	246.8	14.4	230.3	187.1	10.8	173.6
Total Proved	716.7	193.9	6841.5	564.0	134.9	5049.9
Probable	295.5	75.6	2692.9	235.4	49.0	1906.6
Total Proved Plus Probable	1012.2	269.5	9534.4	799.5	183.8	6956.5

Summary of Oil and Natural Gas Reserves – Forecast Prices and Costs

	Gross Reserves			Net Reserves		
	Light and Medium Crude Oil (Mbbls)	Natural Gas Liquids (Mbbls)	Natural Gas (Mmcf)	Light and Medium Crude Oil (Mbbls)	Natural Gas Liquids (Mbbls)	Natural Gas (Mmcf)
Proved						
Developed Producing	201.7	98.7	3711.3	182.1	68.4	3085.3
Developed Non-Producing	260.4	81.0	2911.8	186.0	56.2	1798.4
Undeveloped	246.8	14.4	230.3	186.1	10.8	173.6
Total Proved	708.9	194.1	6853.4	554.2	135.2	5057.4
Probable	294.1	75.6	2692.8	233.9	49.3	1906.4
Total Proved Plus Probable	1003.0	269.6	9546.1	788.1	184.4	6963.8

Net Present Value of Future Net Revenue – Constant Prices and Costs

	Net Present Value of Future Net Revenue Before Future Income Tax Expenses and Discounted at		Net Present Value of Future Net Revenue After Future Income Tax Expenses and Discounted at	
	0	10	0	10
	($000s)	($000's)	($000's)	($000's)
Proved				
Developed Producing	20120.9	15385.6	17045.9	12898.3
Developed Non-Producing	16183.5	13479.9	10770.7	8762.5
Undeveloped	6039.6	4829.8	4040.2	3158.8
Total Proved	42343.8	33695.1	31856.8	24819.6
Probable	18348.6	11705.4	12311.2	7733.3
Total Proved Plus Probable	60692.4	45400.4	44168.0	32552.9

Net Present Value of Future Net Revenue – Forecast Prices and Costs

	Net Present Value of Future Net Revenue Before Future Income Tax Expenses and Discounted at				
	0	5	10	15	20
	($000's)	($000's)	($000's)	($000's)	($000's)
Proved					
Developed Producing	15347.4	13590.4	12234.9	11164.4	10300.1
Developed Non-Producing	13796.3	12591.2	11689.0	10962.9	10353.5
Undeveloped	4734.3	4225.6	3798.9	3436.9	3127.0
Total Proved	33877.9	30407.1	27722.6	25564.1	23780.4
Probable	14206.8	11280.0	9288.8	7854.4	6776.9
Total Proved Plus Probable	48084.6	41687.0	37011.3	33418.4	30557.2

	Net Present Value of Future Net Revenue After Future Income Tax Expenses and Discounted at				
	0	5	10	15	20
	($000's)	($000's)	($000's)	($000's)	($000's)
Proved					
Developed Producing	13657.7	11999.9	10728.8	9731.8	8932.0
Developed Non-Producing	9133.7	8213.9	7556.3	7041.9	6617.8
Undeveloped	3130.3	2759.0	2449.5	2188.6	1966.5
Total Proved	25921.7	22972.8	20734.5	18962.2	17516.3
Probable	9907.2	7707.4	6257.8	5238.0	4485.3
Total Proved Plus Probable	35828.8	30680.2	26992.2	24200.2	22001.5

Additional Information Concerning Future Net Revenue (Undiscounted)

Constant Prices and Costs

	Revenue	Royalties	Operating Costs	Development Costs	Well Abandonment Costs	Future Net Revenue Before Income Taxes	Future Income Tax Expenses	Future Net Revenue After Future Income Tax Expenses
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Total Proved Reserves	79874.2	18470.2	14953.6	2643.7	1462.7	42343.8	10487.0	31856.8
Total Proved Plus Probable	110363.4	25969.7	19509.8	2723.8	1467.2	60692.4	16524.4	44168.0

Additional Information Concerning Future Net Revenue (Undiscounted)

Forecast Prices and Costs

	Revenue	Royalties	Operating Costs	Development Costs	Well Abandonment Costs	Future Net Revenue Before Income Taxes	Future Income Tax Expenses	Future Net Revenue After Future Income Tax Expenses
	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)	($000s)
Total Proved Reserves	69887.6	16123.1	15519.5	2647.4	1719.6	33877.9	7956.2	25921.7
Total Proved Plus Probable	95600.4	22286.1	20729.2	2728.8	1771.5	48084.6	12255.8	35828.8

Future Net Revenue by Production Group - Constant Prices and Costs

	Future Net Revenue Before Future Income Tax Expenses Discounted at 10%
	($000's)
Proved	
Light and Medium Crude Oil (1)	12325.7
Natural Gas (2)	20275.5
Proved Plus Probable Reserves	
Light and Medium Crude Oil (1)	16949.8
Natural Gas (2)	26917.9

Notes: (1) Including solution gas and other by-products.
(2) Including by-products, but excluding solution gas from oil wells.

Future Net Revenue by Production Group - Forecast Prices and Costs

	Future Net Revenue Before Future Income Tax Expenses Discounted at 10% ($000's)
Proved	
Light and Medium Crude Oil (1)	9610.3
Natural Gas (2)	17119.6
Proved Plus Probable Reserves	
Light and Medium Crude Oil (1)	13206.6
Natural Gas (2)	22429.6

Notes: (1) Including solution gas and other by-products.
(2) Including by-products, but excluding solution gas from oil wells.

Summary of Pricing Assumptions - Constant Prices and Costs

McDaniel used the following pricing and exchange rate assumptions as of December 31, 2003 in estimating Mustang's reserves data using constant prices and costs.

Crude Oil			Natural Gas	NGLs	
WTI Cushing	Edmonton Par Price 40 degree API	Cromer Medium 29.3 degree API	AECO Gas Price	FOB Field Gate	Exchange Rate
($US/bbl)	($Cdn/bbl)	($Cdn/bbl)	($Cdn/MMBtu)	($Cdn/bbl)	($US/ $Cdn)
32.78	39.76	34.25	5.87	31.50	0.75

Summary of Pricing and Inflation Rate Assumptions - Forecast Prices and Costs

McDaniel used the following pricing, exchange rate and inflation rate assumptions as of December 31, 2003 in estimating Mustang's reserves data using forecast prices and costs.

	Crude Oil			Natural Gas	NGLs		
	WTI Cushing	Edmonton Par Price 40 degree API	Cromer Medium 29.3 degree API	AECO Gas Price	FOB Field Gate	Inflation Rate % Per Year	Exchange Rate
	($US/bbl)	($Cdn/bbl)	($Cdn/bbl)	($Cdn/MMBtu)	($Cdn/bbl)	($US/ $Cdn)	($US/ $Cdn)
2004	29.00	37.70	32.20	5.50	27.90	2.0	0.75
2005	26.50	34.30	29.71	5.19	25.50	2.0	0.75
2006	25.50	33.00	28.84	4.87	24.50	2.0	0.75
2007	25.00	32.30	28.06	4.68	23.80	2.0	0.75
2008	25.00	32.30	27.97	4.53	23.70	2.0	0.75
2009	25.50	32.90	28.48	4.57	24.10	2.0	0.75
2010	26.00	33.50	29.00	4.60	24.50	2.0	0.75
2011	26.50	34.20	29.61	4.69	25.00	2.0	0.75
2012	27.00	34.80	30.11	4.78	25.40	2.0	0.75
2013	27.50	35.50	30.72	4.87	26.00	2.0	0.75
2014	28.10	36.20	31.32	4.97	26.50	2.0	0.75
2015	28.70	37.00	32.03	5.08	27.10	2.0	0.75
2016	29.30	37.80	32.73	5.19	27.60	2.0	0.75
2017	29.90	38.60	33.43	5.29	28.20	2.0	0.75
2018	30.50	39.30	34.02	5.40	28.70	2.0	0.75
2019	31.10	40.10	34.72	5.51	29.30	2.0	0.75
2020	31.70	40.90	35.41	5.61	29.90	2.0	0.75
2021	32.30	41.70	36.10	5.72	30.50	2.0	0.75
2022	32.90	42.40	36.69	5.82	31.00	2.0	0.75
Thereafter	33.60	43.30	37.47	5.95	31.60	0.0	0.75

RECONCILIATIONS OF CHANGES IN RESERVES AND FUTURE NET REVENUE

Reserves Reconciliation

The following table sets forth a reconciliation of Mustang's net total proved, net probable and net total proved plus probable reserves at December 31, 2003 against such reserves as at December 31, 2002 based on forecast price and cost assumptions.

	Light and Medium Crude Oil			Natural Gas Liquids		
	Total Proved Reserves	Probable Reserves[1]	Total Proved Plus Probable[1]	Total Proved Reserves	Probable Reserves[1]	Total Proved Plus Probable[1]
	(Mbbl)	(Mbbl)	(Mbbl)	(Mbbl)	(Mbbl)	(Mbbl)
December 31, 2002	147	20.5	167.5	76	45	121
Extensions	0	0	0	0	0	0
Improved recovery	0	0	0	0	0	0
Technical revisions	5.5	3.7	9.2	15.2	-23.6	-8.4
Discoveries	399.0	184.6	583.6	58.3	27.0	85.3
Acquisitions	28.9	8.5	37.4	3.5	0.9	4.4
Dispositions	0	0	0	0	0	0
Economic factors	0	16.6	16.6	0	0	0
Production	-26.2	0	-26.2	-17.8	0	-17.8
December 31, 2003	554.2	233.9	788.1	135.2	49.3	184.5

Note: [1] At December 31, 2002 probable reserves are risked at 50%

	Natural Gas			Total BOE		
	Total Proved Reserves	Probable Reserves[1]	Total Proved Plus Probable [1]	Total Proved Reserves	Probable Reserves[1]	Total Proved Plus Probable[1]
	(MMcf)	(MMcf)	(MMcf)	(Mbbl)	(Mbbl)	(Mbbl)
December 31, 2002	3824	1542	5366	860.3	322.5	1182.8
Extensions	0	0	0	0	0	0
Improved recovery	0	0	0	0	0	0
Technical revisions	372.0	-477.1	-105.1	82.7	-99.4	-16.7
Discoveries	1632.8	824.4	2457.2	729.4	349.0	1078.4
Acquisitions	59.9	17.1	77.0	42.4	12.2	54.6
Dispositions	0	0	0	0	0	0
Economic factors	0	0	0	0	16.6	16.6
Production	-831.3	0	-831.3	-182.6	0	-182.6
December 31, 2003	5057.4	1906.4	6963.8	1532.3	600.9	2133.1

Note: [1] At December 31, 2002 probable reserves are risked at 50%

Future Net Revenue Reconciliation

The following table sets forth a reconciliation of the estimate of the net present value of future net revenue attributable to Mustang's reserves as evaluated in the McDaniel Report as at December 31, 2003 against the estimate of such amount as December 31, 2002, calculated after tax using a discount rate of 10% and constant price and cost assumptions.

	($1000s)
Estimated future net revenue at December 31, 2002	12,358.1
Sales and transfers of oil and gas produced, net of production costs and royalties	**(7,284.7)**
Net changes in prices, production costs and royalties related to future production	**(778.0)**
Changes in previously estimated development costs incurred during the period	**17,345.4**
Changes in estimated future development costs	**(19,444.0)**
Net change resulting in extensions and improved recovery	**0**
Net change resulting from discoveries	**16,365.0**
Changes resulting from acquisitions of reserves	**551.0**
Changes resulting from dispositions of reserves	**0**
Net change resulting from revisions in quantity estimates	**817.0**
Accretion of discount	**1,709.2**
Net change in income taxes	**3,180.6**
Estimated future net revenue at December 31, 2003	**24,819.6**

ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Proved Undeveloped Net Reserves

	Light and Medium Oil (Mbbl)		Natural Gas (MMcf)		Natural Gas Liquids (Mbbl)	
Year	1ST Attributed	Cumulative At Year End	1ST Attributed	Cumulative At Year End	1ST Attributed	Cumulative At Year End
2002	0	0	209	209	1	1
2003	186	186	-35	174	10	11

Undeveloped Reserves

The following discussion generally describes the basis on which Mustang attributes Proved and Probable Undeveloped Reserves and its plans for developing those Undeveloped Reserves.

Proved Undeveloped Reserves

Proved undeveloped reserves are generally those reserves related to wells that have been tested and not yet tied-in, wells drilled near the end of the fiscal year or wells further away from Mustang gathering systems. In addition, such reserves may relate to planned infill drilling locations. The majority of these reserves are planned to be on stream within a two-year timeframe.

Probable Undeveloped Reserves

Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production. The majority of these reserves are planned to be onstream within a two-year timeframe.

Significant Factors or Uncertainties Affecting Reserve Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering or economic data. These estimates may change substantially as additional data from ongoing development activities and production performance become available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions. Mustang's reserves are evaluated by McDaniel's, an independent engineering firm.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices, and reservoir performance. Such revisions can either be positive or negative.

Future Development Costs

The table below sets out the development costs deducted in the estimation of future net revenue attributable to proved reserves (using both constant prices and costs and forecasted prices and costs) and proved plus probable reserves (using forecast prices and costs only).

	Constant Prices and Costs		Forecast Prices and Costs	
	Proved Reserves	Proved and Probable Reserves	Proved Reserves	Proved and Probable Reserves
	($000's)	($000's)	($000's)	($000's)
2004	2634	2704	2634	2704
2005	0	0	0	0
2006	0	0	0	0
2007	0	0	0	0
Remainder	10	20	13	25
Total Undiscounted	2644	2724	2647	2729
Total Discounted @ 10% /yr	2521	2597	2524	2602

Mustang estimates that its internally generated cash flow will be sufficient to fund the future development costs disclosed above. Mustang typically has available three sources of funding to finance its capital expenditure program: internally generated cash flow from operations, debt financing when appropriate and new equity issues, if available on favourable terms. Debt financing is available to Mustang at prime rate plus 1%, which is currently 5% per annum.

Mustang expects to fund its total 2004 capital program with internally generated cash flow and bank debt. Mustang's objective is to maintain its debt cash flow ratio at less than 1.5 times estimated future cash flows.

OTHER OIL AND GAS INFORMATION

Oil and Gas Properties

A summary description of Mustang's major producing and exploration properties is set out below. References to gross volumes refer to total production. References to net volumes refers to Mustang's working interest share before the deduction of royalties payable to others.

Sylvan Lake/Medicine River, Alberta

The Sylvan Lake/Medicine River area is located approximately 35 kilometres east of the City of Red Deer. Mustang drilled 5 gross (3.45 net) wells in this area in 2003. The drilling resulted in 3 (2.35 net) oil wells, 1 (0.7 net) gas well, and 1 (0.4 net) abandoned well.

Two of the new drills are currently horizontal Pekisko oil producers. The gas well has been completed and tested gas at 1 mmcf/d and 8000 kPa flowing tubing pressure. It is currently awaiting tie-in.

One of the new drills included an oil well discovery at 08-35-38-04W5M. This well tested at various rates up to 1000 barrels of oil per day and 750 mcf/d gas. Mustang has a 50% before payout and a

35% after payout working interest in this well. The pipeline permit has been approved and the well will be tied-in immediately following break-up.

Mustang acquired 30 boe/d of oil production in the Medicine River area in 2003. This acquisition increased Mustang's working interest in 3 operated oil producers and the operated oil battery at 02-04-39-03 W5M.

In February 2004, Mustang acquired a 100% working interest in a sour oil facility and 7 oil producers. All 7 wells are pipeline connected to the central facility located at 06-20-38-04 W5M. Approximately 220 boe/d was acquired through this asset purchase. The new assets are located in Township 38 Range 4 W5M which is near the 08-35-38-04 W5M new pool discovery. All fluids from the 08-35 well will produce to the 06-20 central battery facility.

On the facility side, Mustang has a 100% working interest in the newly acquired 06-20-38-04W5M facility and a 50% working interest in the oil battery at 02-04-39-03W5M. Mustang operates both of these facilities.

Mustang has both an operated and non-operated working interest in this area. The majority of the production, approximately 350 boe/d (net), is operated by Mustang. Sixty percent of this production is medium and light gravity oil (210 bopd) and the remainder is gas and ngl's.

Ferrybank, Alberta

The Ferrybank area is located approximately 40 kilometres north of the City of Red Deer. Mustang drilled 3 gross (2.6 net APO) wells in this area in 2003. All 3 wells were cased, completed and tied-in as gas producers. These operated wells came on stream in the first quarter of 2004. The 15-36-42-28W4M well is currently in a before payout scenario and Mustang's working interest will revert to 60% after payout.

All wells are equipped with lease separators and tied-in to the Altagas pipeline infrastructure and processing facilities in the area. Mustang's net production from the 3 wells is approximately 275 boe/d.

Clive, Alberta

The Clive area is located approximately 35 kilometres northeast of the City of Red Deer. This area is made up of shallow and medium depth sweet gas production. All production is processed through Mustang's 100% owned and operated pipeline infrastructure and processing facilities.

Mustang equipped and tied-in 3 wells in 2003. Two wells were previously shut-in gas wells. The 06-29-40-24 W4M and 01-24-40-25 W4M wells were reactivated and brought on production in June and September 2003, respectively. One gas well re-entry at 06-30-40-24 W4M was also brought on-stream in June 2003.

In December 2003 and January 2004 Mustang drilled 5 coal bed methane wells. All five wells were cased and completed (100% Mustang). Four of the five shallow coal bed gas producers are now tied-in to Mustang's 100% owned and operated infrastructure. The first 3 wells are on production with the fourth coming on-stream in April 2004. The last well will be tied-in after break-up. These new drills will be evaluated over the next few months to determine if future coal bed drilling in the area is warranted.

Mustang's current production is approximately 175 boe/d of which 95% is sweet gas. Mustang also processes third party gas volumes through the 100% owned and operated infrastructure. The third party volumes generate additional revenue for Mustang out of this area.

Carrot Creek, Alberta

The Carrot Creek area is located approximately 55 kilometres northwest of Drayton Valley, Alberta. Mustang has a non-operated working interest position in this area with a majority of the production at 17.6% working interest.

Mustang participated in one recompletion, one dual completion and one new drill in 2003. Mustang has a 17.6% working interest in all three wells. All three operations were successful and resulted in a gross production gain of approximately 450 boe/d (80 boe/d net).

A follow-up well was drilled and completed in the first quarter of 2004. The well is currently being tested.

Current production is approximately 160 boe/d net to Mustang. Seventy-five percent of this production is sweet gas and the remainder is light oil and associated NGLs.

Lodgepole, Alberta

The Lodgepole area is located approximately 30 kilometres west of Drayton Valley, Alberta. The non-operated production from this area comes from the Rock Creek and Ellerslie formations. The gas is sweet and liquid-rich with average NGL yields around 45 bbls/mmcf.

Mustang participated in the drilling of 1 gross (0.38 net) shallow gas test at 12-16-49-10W5M. The primary gas zone proved to be wet and the well is suspended awaiting further evaluation of the uphole gas potential.

In the first quarter of 2004, Mustang drilled an Ellerslie/Rock Creek gas test at 06-16-49-12 W5M. The well has been cased and is currently awaiting completion, which is expected to begin after break-up. Gas processing is in close proximity to this well. Mustang paid 20% to earn a 28% working interest in this well.

Mustang's net production is approximately 60 boe/d.

Minor Properties, Alberta

Mustang has minor working interests and over riding royalties in both operated and non-operated properties in the Balsam, Boundary Lake, Chickadee, Dyberg, Kent, Pembina, and Saxon areas.

Three wells (2.0 net) were drilled at Balsam. Two gross wells (1.5 net) were abandoned and one (0.5 net) was completed and placed on production in October 2003. The well currently produces 60 boe/d net to Mustang.

Mustang participated in 4 wells (0.43 net) at Saxon, which resulted in on 3 (0.17 net) gas wells and 1 (0.26 net) abandonment. All three successful wells are currently on production. Current production is 70 boe/d net to Mustang.

One well (0.5 net) was drilled and placed on production at Dyberg and one well (0.265 net) was drilled and placed on production at Chickadee. Both wells are intermittent gas producers.

Three gross wells (1.95 net) were drilled and abandoned at Kent. An additional well was drilled and evaluated at Boundary Lake however this well is not economical to produce.

Mustang's net production from all of these minor properties is approximately 230 boe/d.

OIL AND GAS WELLS

The following table summarizes the Company's split between oil and gas wells that are currently producing and oil and gas wells that are not presently producing.

SUMMARY OF OIL AND GAS WELLS

	Producing		Non-Producing [3]	
	Gross [1]	Net [2]	Gross [1]	Net [2]
Gas	62	22.7	34	20.2
Oil	66	15.3	31	6.8
Total	128	38.0	65	27.0

Notes:

[1] "Gross" refers to all wells in which Mustang has either a working interest or a royalty interest.

[2] "Net" refers to the aggregate of the percentage working interests of Mustang in the gross wells before deduction of royalties.

[3] "Non-producing wells" refers to wells which have encountered and are capable of producing crude oil or natural gas but which are not producing due to lack of available transportation facilities, available markets or other reasons. Non-producing wells in which Mustang has an interest are located no further than 10 kilometres from existing pipelines.

UNDEVELOPED LAND

The Company's undeveloped lands were evaluated independently by Seaton-Jordan & Associates Ltd. All undeveloped lands are located in Alberta, Canada.

UNDEVELOPED LAND SUMMARY

	December 31, 2003	December 31, 2002	%
Gross acres [(1)]	57,968	52,205	11
Net acres [(2)]	22,353	16,237	38
Average working interest	39%	31%	26
Value	$3,224,971	$2,858,382	13

Notes: [(1)] "Gross Acres" means the total number of acres in which Mustang has an interest
[(2)] "Net Acres" means the aggregate of the percentage working interest of Mustang in the gross acres.

Mustang expects approximately 3,000 net acres to expire in 2004.

ADDITIONAL INFORMATION CONCERNING ABANDONMENT & RECLAMATION COSTS

Year	Total Abandonment and Reclamation Costs including Well Abandonment and Disconnect Costs all Net of Salvage Value ($M)
2004	0
2005	68
2006	72

TAX HORIZON

Mustang was not required to pay income taxes during the year ended December 31, 2003. Taxes payable beyond 2004 will become a function of commodity prices, production volumes and capital expenditures.

EXPLORATION AND DEVELOPMENT ACTIVITIES

The following table summarizes the results of the 29 wells that Mustang drilled or participated in drilling for the year ended December 31, 2003.

	2003		2002	
	Gross (1)	Net (2)	Gross (1)	Net (2)
Gas	14	7.7	3	1.1
Oil	4	2.8	-	-
Suspended	2	0.9	-	-
Dry and abandoned	9	7.1	4	1.5
Total	29	18.5	7	2.6

Notes: (1) "Gross" wells means all wells in which Mustang has a working interest
(2) "Net" wells refer to the aggregate of the percentage working interests on Mustang in the gross wells before the deduction of royalties.

PRODUCTION HISTORY AND OPERATING NETBACKS FOR 2003

	Average per boe ($ per boe) Three Months Ended			
	March 31, 2003	June 30, 2003	September 30, 2003	December 31, 2003
Natural Gas & NGLs				
Price	47.49	41.48	36.76	34.77
Royalties	10.21	9.09	8.85	8.63
Production costs	6.06	6.45	7.18	7.98
Netbacks	31.22	25.94	20.73	18.16
Light and Medium Oil				
Price	48.17	37.92	37.07	37.19
Royalties	7.65	5.90	5.98	6.09
Production costs	11.13	16.58	12.57	11.46
Netbacks	29.39	15.44	18.52	19.64
Average Daily Production (boe/d)				
Natural Gas & NGLs	448	510	638	625
Light and Medium Oil	87	58	89	138

Production costs for oil were high in the second quarter because of a plant turnaround and the repair of a line break at one of the company's oil batteries.

PRODUCTION HISTORY OF IMPORTANT FIELDS FOR 2003

The following table discloses for each important field, Mustang's production volumes for the year ended December 31, 2003 for each product type.

Field	Light and Medium Oil (bbls/d)	Natural Gas (mcf/d)	NGLs (bbls/d)	Total (boe/d)
Clive	3	995	6	175
Carrot Creek	18	546	22	131
Lodgepole	2	462	14	93

Production Estimates

The following table discloses for each product type the total volume of production estimated by McDaniel for 2004 in the estimates of future net revenue disclosed above under the heading "Oil and Natural Gas Reserves and Net Present Value of Future Net Revenue".

Field	Light and Medium Crude Oil (mbbl)	Natural Gas (mmcf)	Natural Gas Liquids (Mbbl)
Sylvan Lake	142	899	31
Pembina	10	669	16
Carrot Creek	6	302	12
Clive	0	331	2
Remainder	29	422	10
2004 Estimated total production	187	2623	71

Note:

(1) Represents proved plus probable case.

April 8, 2004

Mustang Resources Inc.
101 – 10th Street NW
Calgary, AB
T2N 1V4

Attention: The Board of Directors of Mustang Resources Inc.

Re: Form 51-101F2
Report on Reserves Data by an Independent Qualified Reserves Evaluator of Mustang Resources Inc. (the Company")

Dear Sirs:

To the Board of Directors of Mustang Resources Inc. ("the Company):

1. We have evaluated the Company's reserves data as at December 31, 2003. The reserves data consists of the following:

    a. proved and proved plus probable oil and gas reserves estimated as at December 31, 2003 using forecast prices and costs and the related estimated future net revenue; and

    b. proved and proved plus probable oil and gas reserves estimated as at December 31, 2003 using constant prices and costs and the related estimated future net revenue.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

    We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data

of the Company evaluated by us, for the year ended December 31, 2003, and identifies the respective portions thereof that we have evaluated, audited and reviewed and reported on to the Company's management:

		Net Present Value of Future Net Revenue $M (before income taxes, 10% discount rate)			
Preparation Date of Evaluation Report	Location of Reserves	Audited	Evaluated	Reviewed	Total
December 31, 2003	Canada	--	37, 011	--	37,011

5. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook.

6. We have no responsibility to update our report for events and circumstances occurring after the preparation date.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

MCDANIEL & ASSOCIATES CONSULTANTS LTD.

ORIGINALLY SIGNED BY
W.C. Seth, P. Eng.
President & Managing Director

Calgary, Alberta

Report of Management and Directors on Reserves Data and Other Information

Management of Mustang Resources Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

(a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2003 using forecast prices and costs; and

(ii) the related estimated future net revenue; and

(b) (i) proved oil and gas reserves estimated as at December 31, 2003 using constant prices and costs; and

(ii) the related estimated future net revenue.

McDaniel and Associates Consultants Ltd., an independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Company has

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved

(d) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;

(e) the filing of the report of the independent qualified reserves evaluator on the reserves data; and

(f) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) "Richard Todd"

Richard Todd

President & CEO

(signed) "Patrick Mills"

Patrick Mills

Vice President, Engineering & Operations

(signed) "Kelvin Johnston"

Kelvin Johnston

Director

(signed) "Donald Archibald"

Donald Archibald

Director

(signed) "Bill Friley, Jr."

Bill Friley, Jr.

Director

April 21, 2004

/jem