

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

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

Item 2. Date of Material Change

July 12, 2004

Item 3. News Release

A press release was disseminated through Canada NewsWire on July 12, 2004.

Item 4. Summary of Material Change

Mustang Resources Inc. announced that it had cased the first of six budgeted wells into the Leduc Formation in the Medicine River area of Alberta.

Item 5. Full Description of Material Change

Mustang Resources Inc. ("Mustang") announced that it had cased the first of six budgeted wells into the Leduc Formation in the Medicine River area of Alberta. The 1-30-38-4W5M (100% W.I.) development well successfully encountered the Leduc formation. Mustang plans to complete and tie-in the well to its 6-20-38-4 W5M battery (100% W.I.) within the next 60 to 90 days. The 1-30 well is the second well into this Leduc pool. The adjacent well at 8-30-38-4 W5M has produced in excess of 800,000 boe to date.

Mustang is presently drilling a second Leduc development well at 14-7-38-4 W5M (100% W.I.) that should be finished in 2 weeks. A third Leduc well, at 5-36-38-4 W5M (22.5% W.I.), will be spudded this week.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

No information has been omitted.

Item 8. Executive Officer

For further information contact Richard Todd, President and Chief Executive Officer, or Darcy Anderson, Chief Financial Officer, at (403) 521-5284.

Item 9. Date of Report

July 12, 2004