FORM 51-102F3

MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company:

Sparta Capital Ltd.
15920 – 88A Avenue
Edmonton, Alberta
T5R 4N5

ITEM 2 Date of Material Change:

January 7, 2005

ITEM 3 News Release:

A press release was issued on January 17, 2005 through the facilities of Canada Stockwatch and Market News.

ITEM 4 Summary of Material Change:

The Company has entered into a Master Sales Agency Agreement with Hy-Drive Technologies Ltd.

ITEM 5 Full Description of Material Change:

W Sparta Capital Ltd. ("Sparta") ("TSX – SAY") is pleased to announce that the Memorandum of Understanding ("MOU") reported in a Press Release dated May 31, 2004 and as updated in the Press Release dated November 1, 2004, has progressed to the signing of a Master Sales Agency Agreement ("MSA") between Sparta and Hy-Drive Technologies Ltd. ("Hy-Drive") dated January 7, 2005, whereunder Sparta has acquired the right to act as master sales agent in the marketing of the Hy-Drive Hydrogen Generating System ("HGS") in specified territories within Asia and the South Pacific regions.

The following summarizes the important considerations related to the transaction:

- Sparta has been granted the right to act as the master agent for the Hy-Drive HGS, a hydrogen generating unit that attaches to a vehicle, draws its power from the battery, converting distilled water into hydrogen and oxygen to enrich the air mixture taken into the engine. The hydrogen is produced only as required, (no onboard storage) with no adjustments to the engine. The enriched air mixture has proven to enhance the combustion process, increase fuel economy, reduce emissions and increase torque. Independent emissions testing results have shown reductions of particulate matter of over 80%, reduction of hydrocarbon emissions of over 70% and reduction of NOX by over 10%. The HGS has been in use on major truck fleets in North America since July of 2004.

- Sparta will act as the exclusive master agent in the ("Exclusive Territories") of Japan, India and China including Hong Kong S.A.R. and as the non-exclusive master agent in the ("Non-Exclusive Territories") of Australia, New Zealand, Singapore, Taiwan, North Korea, South Korea, Indonesia, Malaysia, Thailand, Pakistan, Bangladesh, Vietnam, Cambodia, Laos and Philippines. To give perspective to the potential magnitude of this agreement, it should be noted that population of the Exclusive and Non-Exclusive Territories is approximately ten times that of Canada and the United States combined.

- Sparta's rights under the MSA apply to all internal combustion engines excluding engines in automobiles and light/medium trucks up to 19,500 pounds (Gross Vehicle Weight including payload). Sparta is committed to develop a network of agents and subagents throughout the regions that will focus their initial sales efforts on diesel powered heavy trucks, city transit buses, inter-city buses, school buses and diesel powered industrial equipment.

- The agreement extends for an initial three year term (the "Term") with provision for extension of the Term for up to three more years upon Sparta meeting certain incremental performance criteria.

- The MSA includes certain volume based performance criteria through which Sparta can maintain and extend its master agency rights in the Exclusive Territories. The MSA further includes certain volume based performance criteria through which Sparta may convert its "Non-Exclusive Territories" into "Exclusive Territories".

- Sparta has agreed to reinvest a portion of its sales commissions up to $760,000 in support of market development expenditures in the Exclusive and Non-Exclusive Territories.

- As consideration for the rights granted under terms of the MSA, subject to TSX Venture Exchange approval, Sparta will issue shares to Hy-Drive equal to a 9.9% interest in Sparta shares as at January 7, 2005. At that date, Sparta had shares issued and outstanding of 29,196,373 which results in the reservation of 3,208,037 shares for issuance to Hy-Drive. It is agreed the Sparta shares are being issued at a deemed price of $0.125 per share. Such shares will be subject to the terms of an Escrow Agreement dated January 7, 2005 and will vest with Hy-Drive in accordance with certain performance criteria including the requirement that Hy-Drive sell and install a minimum number of units in North America over certain specified time intervals.

- Hy-Drive has been granted an anti-dilution provision so as to maintain, at its option, its 9.9% interest in Sparta. Sparta currently has 11,313,747 warrants outstanding with an exercise price of $0.30 per warrant. Under terms of the MSA, Hy-Drive is restricted from acquiring, at any time, in excess of 9.9% of the then issued and outstanding shares of Sparta.

Sparta is pleased to be working closely with Hy-Drive and the strong Advisory Board that is now in place. We look forward to fully supporting the introduction of this new hydrogen technology in the Asian and South Pacific regions, first in recognition of its significant potential benefits in fuel efficiency in these times of high fuel prices and depleting energy reserves, and secondly in recognition of the significant environmental benefits that may be achieved in regions which are strongly focused on air quality and environmental concerns.

The agreed terms of the MSA are subject to corporate approvals and any other necessary regulatory approvals.

Sparta has determined that the MSA transaction will be a "reviewable transaction" as defined in policy 5.3 of the TSX Venture Exchange Corporate Finance Manual and as such will require exchange acceptance and approval. Sparta will be preparing and filing a transaction summary form with the TSXV under such policy.

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

Not applicable.

ITEM 7 Omitted Information:

Not applicable.

ITEM 8 Executive Officer:

Theodore Rousseau, President, Chief Financial Officer and Secretary of the Company, is knowledgeable about the material change set forth herein and can be reached at (780) 489-8334.

ITEM 9 Date of Report:

Dated at Edmonton, Alberta on January 17, 2005.