FORM 27

ONTARIO SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION (75)2

Item 1. **Reporting Issuer**

Afton Food Group Ltd.**,** 3380 South Service Road, Burlington, ON, L7N 3J5.

Item 2. **Date of Material Change**

October 2, 2001.

Item 3. **Press Release**

A Press Release attached hereto as Schedule "A" was issued on October 2, 2001.

Item 4. **Summary of Material Change**

Afton Food Group Ltd. (the “Company” or “Afton”) has entered into an agreement with HSBC Capital (Canada) Inc. ("HSBC) and PRIVEQ II Limited Partnership ("PRIVEQ" and together with HSBC, the "Investors") as part of an overall plan to de-leverage Afton. The Investors have agreed to purchase $1.5 million of common shares in the capital of Afton (the "Common Shares") from treasury (the "Private Placement") and to convert their $4.8 million of subordinated 10% debentures (the "Debentures") into cumulative, convertible, redeemable, retractable, voting preferred shares (the "Preferred Shares").

Item 5. **Full Description of Material Change**

Afton Food Group Ltd. (the “Company” or “Afton”) has entered into an agreement with HSBC Capital (Canada) Inc. ("HSBC) and PRIVEQ II Limited Partnership ("PRIVEQ" and together with HSBC, the "Investors") as part of an overall plan to de-leverage Afton. The Investors have agreed to purchase $1.5 million of common shares in the capital of Afton (the "Common Shares") from treasury (the "Private Placement") and to convert their $4.8 million of subordinated 10% debentures (the "Debentures") into cumulative, convertible, redeemable, retractable, voting preferred shares (the "Preferred Shares"). Both the completion of the Private Placement and the conversion of Debentures are subject to all necessary regulatory and shareholder approvals.

In addition, Afton plans to proceed with a $1.5 million rights offering in order to provide its public shareholders with the ability to purchase additional Common Shares.

The Private Placement will be priced at $0.80 per Common Share and will result in the issuance of 1,875,000 Common Shares to the Investors.

The Debentures will be converted into Preferred Shares in accordance with applicable securities laws, on the basis of one Preferred Share for every $0.90 principal amount of Debentures held. The Preferred Shares will be convertible into Common Shares at the option of HSBC and PRIVEQ, as applicable, at any time prior to March 21, 2005, on a one-for-one basis. As a result, the Preferred Shares will be convertible into an aggregate of 5,333,333 Common Shares. Contemporaneous with the Debenture conversion, the Debenture warrants, previously issued by Afton to the Investors in conjunction with the issue and sale of the Debentures to the Investors, shall be surrendered to the Company for cancellation.

The Private Placement will be completed in two stages. The Investors will purchase 1,050,000 Common Shares for aggregate gross proceeds of $840,000 to Afton on or about October 19, 2001 (the "First Closing"). The balance of the Private Placement will be completed contemporaneous with the conversion of the Debentures.

On October 2, 2001, the Investors advanced $375,000 to Afton (the "Bridge Facility"), which shall be converted into Common Shares in connection with, and at the time of the First Closing of, the Private Placement. In the event that the Private Placement is not completed, the Bridge Facility is due and payable in full on November 30, 2001. Interest will be charged thereafter at a rate of 2% per month, payable in advance.

The commitments of the Investors under the agreement are subject to a number of conditions include, among others, the completion of due diligence and legal documentation, acceptable amendments to the Company's bank facilities to allow for the Private Placement proceeds to be used for working capital purposes, receipt of all requisite board of director, regulatory and shareholder approvals and no material adverse changes occurring.

As additional consideration for entering into the agreement, Afton will pay to the Investors a cash fee in the amount of $112,650, of which at least $60,000 shall be re-invested in the Company for Common Shares, issued at the price of the Private Placement.

The Company currently has 10,559,122 Common Shares issued and outstanding.

Item 6. **Reliance on Section 75(3) of the Act**

Not applicable.

Item 7. **Omitted Information**

Not applicable.

Item 8. **Senior Officer**

Patrick Westfall, Chief Financial Officer, phone (905) 681-8448 and fax (905) 681-0456.

Item 9. **Statement of Senior Officer**

The foregoing accurately discloses the material changes referred to herein.

DATED at Burlington, Ontario, this 12th day of October, 2001

AFTON FOOD GROUP LTD.

Per: *"Patrick Westfall"*
Patrick Westfall
Chief Financial Officer

FOR IMMEDIATE RELEASE

AFTON STRENGTHENS BALANCE SHEET THROUGH EQUITY INJECTION AND DEBT CONVERSION

Toronto, Ontario, (October 2, 2001) Afton Food Group Ltd. (TSE:AFF) today announced that it has entered into an agreement with HSBC Capital (Canada) Inc. and PRIVEQ II Limited Partnership as part of an overall plan to de-leverage Afton. HSBC and PRIVEQ have agreed to purchase $1.5 million of common shares in the capital of Afton from treasury and to convert their $4.8 million of subordinated 10% Debentures into cumulative convertible redeemable retractable voting preferred shares in the capital of Afton. In addition, Afton plans to proceed with a $1.5 million Rights Offering in order to enable its public shareholders to purchase additional Afton common shares.

The $1.5 million equity offering will be priced at $0.80 per share and will result in the issuance of 1,875,000 Afton common shares. The $4.8 million of subordinated Debentures will be converted into preferred shares of Afton on the basis of one preferred share for every $0.90 principal amount of subordinated Debenture. The preferred shares will be convertible into common shares of Afton at the option of HSBC and PRIVEQ at any time prior to March 21, 2005, on a one-for-one basis. As a result, the preferred shares will be convertible into an aggregate of 5,333,333 Afton common shares.

“This transaction will result in the addition of a minimum of $6.3 million of equity for Afton and positions the Company with a much stronger balance sheet to continue to execute its business plan” stated Robert G. Macdonald, President and Chief Executive Officer of Afton. “Afton is pleased to have quality investors such as HSBC and PRIVEQ add to their existing equity positions and become more significant shareholders in the Company.”

Immediately following completion of the equity offering, Afton will proceed with a Rights Offering in order to enable its public shareholders to purchase additional new common shares of Afton as well. The Rights Offering will be for a maximum of $1.5 million and will be priced at $0.80 per share.

Contemporaneously with the conversion of the subordinated Debentures into preferred shares, HSBC and PRIVEQ will surrender for cancellation the Debenture Warrants, which were previously issued to them in conjunction with the issue and sale of the subordinated Debentures.

The $1.5 million equity financing will be completed in 2 stages. HSBC and PRIVEQ will purchase 1,050,000 common shares for aggregate proceeds of $840,000 to Afton on or about October 19, 2001. The balance of the equity financing will be completed contemporaneously with the conversion of the subordinated Debentures into preferred shares. On October 2, HSBC and PRIVEQ advanced $375,000 to Afton. The commitments of HSBC and PRIVEQ are subject to a number of conditions including completion of due diligence and formal legal documentation, acceptable amendments to the Company's bank facilities to allow the equity being provided by HSBC and PRIVEQ to be used by the Company for working capital, receipt of all requisite board of director, regulatory, shareholder and other approvals, no material adverse change occurring and certain other agreements with HSBC and PRIVEQ.

Afton is a leading consolidator of franchisors in the Canadian Quick Service Restaurant Industry. Afton was recently, ranked the 26th fastest growing company in Canada by Profit Magazine. Afton expects to continue its growth through acquisitions, "twinning" of its brands and new franchise sales. Afton's brands include 241 Pizza? , Robin's Donuts®, Ruffage? , Donut Delite Café and Mrs. Powell's Bakery Eatery? .

For further information on the Company, please visit our web site at www.aftonfood.com or contact:

Mr. Robert Macdonald, President/C.E.O. or
Mr. Patrick Westfall C.A., Chief Financial Officer
Tel: (905) 681-8448, Fax: (905) 637-7745
Email: corporate@aftonfood.com