IBI CORPORATION

FORM 51-102F3

<u>MATERIAL CHANGE REPORT</u>

This material change report contains forward-looking statements. Reference should be made to "Cautionary Language Regarding Forward-looking Statements" at the end of this material change report.

Item 1. Name and Address of Company

IBI Corporation (the "Company")
110 Ambleside Drive
Port Perry, Ontario L9L 1B4

Item 2. Date of Material Change

December 18, 2006

Item 3. News Release

A news release was disseminated on December 18, 2006. A copy of the news release is attached as Schedule "A".

Item 4. Summary of Material Change

On December 18, 2006, the Company announced that it had signed an agreement with a subsidiary of Rio Tinto plc for the conditional sale of the Company's Ugandan vermiculite mine.

Item 5. Full Description of Material Change

On December 18, 2006, the Company announced that it had signed an agreement (the "Agreement"), on behalf of its wholly-owned subsidiary Canmin Resources Limed, with Rio Tinto Uganda Limited, a subsidiary of Rio Tinto plc ("Rio Tinto"), for the conditional sale of the Company's Ugandan vermiculite mine, including the mining lease, related real property, assets and operations (the "Namekara Mine"). The proposed sale of the Namekara Mine, which has been approved by the Board of Directors of the Company, will be presented for approval by the shareholders of the Company at a special meeting of shareholders.

Under the Agreement, Rio Tinto will develop the production and distribution of vermiculite from the Namekara Mine. Subject to the satisfaction of specified conditions precedent and completion of an order of magnitude study (the "Study"), Rio Tinto will pay to the Company US$5.0 million in three instalments (collectively, the "Purchase Price") and a royalty for each tonne of material harvested as further described below. The Company received US$100,000 at the time of signing the Agreement as a non-refundable instalment of the Purchase Price.

Under the Agreement, following the satisfaction of certain conditions precedent, including the approval of the TSX Venture Exchange, shareholder approval, the consent of the Ugandan government and confirmation from Rio Tinto (at its discretion) that it intends to proceed with the acquisition based on technical and commercial parameters, an initial closing (the "Initial Closing") will take place at which time, Rio Tinto will pay US$1.5 million to the Company as a further instalment of the Purchase Price and will take title to the Namekara Mine and take over the operations of the Namekara Mine. Subject to satisfaction of the conditions precedent, the Initial Closing is expected to take place on or about March 1, 2007.

Under the Agreement, following the Initial Closing, Rio Tinto will conduct a Study over the ensuing 12 month period to validate a minimum reserve of 6 million tonnes of recoverable vermiculite, a defined quality of material and the prospective financial viability of future operations at the scale contemplated. On satisfactory conclusion of the Study, or should Rio Tinto otherwise decide to proceed, payment of the final instalment of the Purchase Price in the amount of US$3.4 million will be due and payable to the Company at a second closing (the "Second Closing").

Under the Agreement, Rio Tinto will also pay a royalty (the "Royalty") per tonne of vermiculite sold at the following rates:

- US$5 for the first 3 million tonnes (estimated for a period of 15 to 25 years);
- US$3 for the next 2 million tonnes (estimated for an additional period of 10 years); and
- US$2 thereafter.

The Royalty will be paid quarterly, commencing after the Initial Closing, and the rates will be subject to annual escalation based on a consumer price index ("CPI"). Furthermore, in years four through fifteen after the Initial Closing, there will be a minimum royalty of US$150,000 per annum (subject to CPI escalation), if the earned royalties do not exceed that amount.

Should the Study not provide satisfactory conclusions based on the defined conditions, or Rio Tinto otherwise not elect to proceed, under the Agreement, the Company will have the option to reacquire the Namekara Mine for US$500,000. The election to re-acquire must be made within three months, with payment within a further six months.

In addition, under the Agreement, if Rio Tinto should ever discover and produce copper from the Namekara Mine, it will pay a quarterly royalty of 1.5% of the net smelter revenue with a cap of payments of US$10 million (subject to CPI escalation).

The undertakings and obligations under the Agreement of IBI's subsidiary, Canmin Resources Limited, are to be guaranteed by IBI.

The funds payable at the Initial Closing are expected to be used to pay certain debts of the Company, restore working capital for the ensuing year and to provide an initial exploration budget for the Company's gold, uranium and other mining diversification projects. The funds payable at the Second Closing are expected to be allocated for further development of the Company's projects in Uganda and settlement of certain other debts.

Subject to further finalization of terms, the Company's President has agreed to take repayment of the amounts owing to him for management fees and loans over a period of not less than five years, following receipt by the Company of the amounts payable at the Second Closing.

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 in respect of the material change.

Item 8. Executive Officer

For further information please contact Gary A. Fitchett, President and CEO, IBI Corporation (905-985-6510).

Item 9. Date of Report

Dated at Port Perry, Ontario this 18th day of December, 2006.

Cautionary Language Regarding Forward-Looking Statements

Certain statements in this material change report, including, but not limited to, those regarding the timing for and completion of the proposed sale of the Namekara Mine, are considered "forward-looking". These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. The material factors and assumptions that were applied in making the forward-looking statements in this material change report include, but are not limited to, assumptions regarding: the amount of time it will take to prepare for the contemplated shareholders' meeting; the outcome of the Study; the amount of time it will take to complete the proposed sale of the Namekara Mine; and plans for the funds received in connection with the proposed sale of the Namekara Mine. Material factors that could cause actual results to differ materially from the forward-looking statements in this material change report include risks and uncertainties relating to: the possible delay or failure to obtain regulatory approvals, including TSXV approval and the consent of the Ugandan government; the possible delay or failure to obtain shareholder approval; and the working capital position of the Company. The Company cannot provide any assurance that these forward-looking statements will materialize or, in particular, that the proposed sale of the Namekara Mine will be completed as contemplated, or at all. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

Schedule A

Exploring and Harvesting the Mineral Wealth of Uganda and East Africa

NEWS RELEASE

Toronto --Monday, December 18, 2006 **#2006 – 266**

IBI AND RIO TINTO ENTER SALE AND ROYALTY AGREEMENT

IBI Corporation, [**"IBI"** – TSX Venture] ("IBI" or the "Company"), a junior international mining and investment company, announced today that it has signed an agreement with Rio Tinto plc's subsidiary, Rio Tinto Uganda Limited, for the conditional sale of IBI's Ugandan vermiculite mine. The proposed sale, which has been approved enthusiastically by the IBI Board of Directors and will be presented to the shareholders at a special meeting within the coming weeks, provides for significant potential royalty revenues to IBI.

"The deal is very significant for our Company and its shareholders", said IBI Chairman and CEO Gary A. Fitchett. "It is the next logical step forward in our stated goal of playing a principal role with respect to Uganda's expanding commitment to the development of its natural resources."

The sale agreement contemplates full development by Rio Tinto of the production and distribution of vermiculite from the Namekara Mine in Uganda .

The long-term royalty stream would provide significant benefits to IBI shareholders by generating on-going capital and cash flow for other IBI initiatives, which now include gold and uranium among others, each of which is progressing with the full and total cooperation and support of the Ugandan government.

IBI expects that Rio Tinto's existing expertise in international vermiculite markets, coupled with the size and quality of the Namekara resource, will enable Rio Tinto to develop substantial and sustainable global sales and distribution for Namekara vermiculite, particularly for the mine's abundant large-size grades, which are in short supply in world markets.

Subject to the satisfaction of specified conditions precedent and completion of an order of magnitude study, Rio Tinto will pay IBI US$5.0 million cash (approximately Cdn$5.75 million, at today's exchange rates) and a royalty for each tonne of material harvested as outlined below.

The initial closing is expected to take place approximately March 1, 2007, following the satisfaction of the conditions precedent. These conditions include approval of the TSX Venture Exchange and of IBI shareholders at a meeting called for that purpose, the consent of the Ugandan Government and Rio Tinto confirmation at its discretion that it intends to proceed with the acquisition based on technical and commercial parameters. Rio Tinto will then take title to the assets and will take over the operation of the mine. On initial closing Rio Tinto will pay the first US$1.5 million of the US$5.0 million purchase price. IBI has already received US$100,000 on signing.

Following initial closing, Rio Tinto will conduct an order of magnitude study ('Study") over the ensuing 12 months to validate a minimum reserve of 6 million tonnes of recoverable vermiculite, a defined quality of material, and the prospective financial viability of future operations at the scale contemplated. In the opinion of IBI, there should be no difficulty in meeting these minimum standards.

On satisfactory conclusion of the Study, or should Rio Tinto otherwise elect to proceed, payment will be made of a further US$3.4 million.

In addition, Rio Tinto will pay a royalty per tonne of vermiculite sold at the following rates:

US$5 for the first 3 million tonnes (estimated for a period of 15 – 25 years)

US$3 for the next 2 million tonnes (estimated for an additional period of 10 years)

US$2 thereafter (the "Royalty")

The Royalty will be paid quarterly, commencing after the initial closing, and the rates will be subject to annual escalation based on a consumer price index ("CPI"). Furthermore, in years four through fifteen after the initial closing, there will be a minimum royalty of US$150,000 per annum (subject to CPI escalation), if the earned royalties do not exceed that amount.

Should the Study not provide satisfactory conclusions based on the defined conditions, or Rio Tinto otherwise not elect to proceed, IBI will have the option to reacquire the assets and business for US$500,000. The election to re-acquire must be made within three months, with payment within a further six months.

Additionally, based on IBI's review of historical documents of geological work on the site, its review of the base geology, and the measurement of copper in the vermiculite pit and drilling cores, there is a prospective indication of the potential for copper on the site. Accordingly, if Rio Tinto should ever discover and produce copper from the property, they will pay a quarterly royalty of 1 ½% of the net smelter revenue with a cap of payments of US$10 million (subject to CPI escalation).

The funds payable at the initial closing will be used to pay certain debts of the Company, restore working capital for the ensuing year, and will provide an initial exploration budget for the Company's gold, uranium, and other mining diversification projects. The funds from the second closing will be allocated for further development of the Company's projects in Uganda and settlement of certain other debts.

Subject to further finalization of terms, the Company's president has agreed to take repayment of the amounts owing to him for management fees and loans over a period of not less than five years, following the second payment.

"This transaction has proven ideal for us", Fitchett stated. "With it, we have established a new equity foundation for our other priority operations and initiatives, and we've achieved an on-going cash flow. Moreover, because this mine is likely one of the largest deposit of vermiculite in the world, the benefits to the shareholders will be significant while enhancing the prospects of meeting all of the company's forward strategic objectives.

Under the terms of the Agreement, this News Release has been approved by Rio Tinto. More information on Rio Tinto can be found at their website, www.RioTinto.com .

-- 30 --

For further information, please contact:

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