Form 27

**MATERIAL CHANGE REPORT UNDER SECTION 75(2)
OF THE SECURITIES ACT (ONTARIO),
AND THE EQUIVALENT PROVISIONS OF THE SECURITIES LAWS
OF THE OTHER PROVINCES OF CANADA**

ITEM 1 **REPORTING ISSUER**

The full name of the reporting issuer is HARROWSTON INC. ("Harrowston") whose principal office in Canada is located at 181 Bay Street, Suite 3820, Toronto, Ontario, M5J 2T3.

ITEM 2 **DATES OF MATERIAL CHANGES**

The date of the first material change herein reported is October 3, 1998. This material change was reported in a confidential material change report dated October 5, 1998.

The date of the related material change reported herein is October 23, 1998.

ITEM 3 **PRESS RELEASES**

Confidentiality as to the first material change was ended on October 19, 1998 at which time the press release issued pursuant to section 75(1) of the *Securities Act* (Ontario) was issued at Toronto.

The press release issued pursuant to section 75(1) of the *Securities Act* (Ontario) as to the related material change was issued on October 26, 1998 at Toronto.

ITEM 4 **SUMMARY OF MATERIAL CHANGES**

Harrowston entered into an agreement to sell the shares of its subsidiary, SPI Holding Company ("SPI"). By October 19, 1998, certain material conditions to the transaction were satisfied.

On October 26, 1998, Harrowston announced that it had completed the sale of SPI. Net after-tax proceeds to Harrowston are expected to exceed Cdn. $65 million or $2.11 per Harrowston share.

ITEM 5 **FULL DESCRIPTION OF MATERIAL CHANGES**

Harrowston has completed the sale of its subsidiary, SPI. Harrowston acquired SPI in July, 1994 and owned approximately 34% of the company on a fully diluted basis. Harrowston's current carrying value for SPI is approximately $15.0 million.

The sale was for a total sales price of approximately U.S. $215 million or Cdn. $331 million, subject to certain adjustments. Net after-tax proceeds to Harrowston for its approximately 34% interest are expected to exceed Cdn. $65 million or $2.11 per Harrowston share.

For additional information, see the press releases dated October 19 and October 26, 1998 attached hereto as Schedule “A”.

ITEM 6 CONFIDENTIAL REPORT

Not applicable.

ITEM 7 OMITTED INFORMATION

No significant facts have been omitted from this report.

ITEM 8 SENIOR OFFICER

Deborah Barrett, Senior Vice President and Chief Financial Officer of Harrowston Inc., is the officer knowledgeable about the details of this Material Change Report and she may be contacted at (416) 956-7004.

THE FOREGOING ACCURATELY DISCLOSES THE MATERIAL CHANGES REFERRED TO HEREIN, IN WITNESS WHEREOF THIS REPORT IS EXECUTED AT TORONTO THIS 29th DAY OF OCTOBER, 1998.

“Deborah Barrett”
Deborah Barrett
Senior Vice President and
Chief Financial Officer

EXHIBIT A

Harrowston Announces Agreement to Sell its Subsidiary, SPI Holding Company

TORONTO, Ont., October 19, 1998 - Harrowston Inc. (TSE:HRW.A) announced today that it, and Chase Capital Partners of New York, have entered into an agreement to sell SPI Holding Company (“SPI”), a subsidiary of Harrowston, to a subsidiary of Associated British Foods. Completion of the sale is subject to certain conditions including obtaining the necessary consents and regulatory approvals. The all cash transaction is expected to close in the fourth quarter.

Harrowston acquired SPI, a specialty chemical company focused on the manufacture of food, pharmaceutical, confectionery and oral-care additives, in July 1994 and presently owns approximately 34% of the company on a fully diluted basis. Harrowston’s current carrying value for SPI is approximately $15.0 million. The agreement contains adjustment provisions that will affect the total cash proceeds, however, Harrowston’s share of proceeds from the sale are expected to exceed $2.00 per Harrowston share.

Harrowston is a Canadian company dedicated to building long-term shareholder value and consistent earnings by pursuing a growth strategy built on internal expansion and acquisitions. Harrowston’s other operating businesses include Marsulex Inc., an environmental services company providing removal services for useable by-products, and Anchor Lamina Inc., a major manufacturer and supplier of die sets, mould bases and related accessories in North America and Europe.

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For further information:

Debbie Barrett
Senior Vice President and
Chief Financial Officer

(416) 956-7004

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News Release

Harrowston Inc.

Harrowston Announces Sale of SPI Holding Company

TORONTO, Ont., October 26, 1998 - Harrowston Inc. (TSE:HRW.A) announced today that it has completed the sale of its subsidiary, SPI Holding Company ("SPI"), to a subsidiary of Associated British Foods plc ("ABF") for a total sales price of approximately US $215 million or Cdn. $331 million, subject to certain adjustments. Net after-tax proceeds to Harrowston Inc. for its 34% interest are expected to exceed Cdn. $65 million or $2.11 per Harrowston share.

Harrowston, together with Chase Capital Partners, formed SPI in 1994 to acquire this specialty chemical division of a major international chemical company. Beginning with one plant, Harrowston helped to build a management team, and with them developed and orchestrated an aggressive international expansion and acquisition program building SPI into an important global business operating in North America, South America, Europe and the Far East.

"In our annual report we stated that at Harrowston we create value by building businesses," commented Brent Belzberg, president and chief executive officer of Harrowston. "The development of SPI from a small divisional operation into a significant international business is a prime example of what this statement means. I am very proud of the great job our management team has done in building SPI."

"Parting with SPI was a difficult decision" Mr. Belzberg continued. "But we believe that SPI is a logical and synergistic acquisition for ABF, and one that will be beneficial to SPI's business and customers and its employees led by SPI's president, John Burrows, and his management team."

"For Harrowston, the sale has resulted in an internal rate of return on our investment of more than 60%. This is the latest step in Harrowston's strategy of creating value for our shareholders. Over the last several years we have overseen a successful public offering by our subsidiary, Marsulex Inc., demonstrating the value of our interest in Marsulex; sold our Canadian meat processing business at a 40% internal rate of return; and realized $20 million from the sale of our shipping company investment. In addition, we sold over $100 million of real estate at an opportune time in the real estate cycle, realizing $15 million for Harrowston shareholders. Our plan is to grow our businesses and others that we will acquire. The liquidity achieved through these steps will continue to allow us to take advantage of opportunities that develop in this fast-changing marketplace. At the same time we will continue to follow our stringent investment criteria," Belzberg said.

Harrowston is a Canadian company dedicated to building long-term shareholder value and consistent earnings by pursuing a growth strategy built on internal expansion and acquisitions. Harrowston's other operating businesses include Marsulex Inc., an environmental services company providing removal services for useable by-products and Anchor Lamina Inc., a major manufacturer and supplier of die sets, mould bases and related accessories in North America and Europe.

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