

## MATERIAL CHANGE REPORT

**Subsection 75(2) of the *Securities Act* (Ontario)  
and the equivalent Sections under the *Securities Act* (Alberta), the  
*Securities Act* (British Columbia) and the *Securities Act* (Quebec)**

1. **Reporting Issuer**

YBM Magnex International, Inc., 110 Terry Drive, Newtown, Pennsylvania  
18940, U.S.A.

2. **Date of Material Change**

February 2, 1998

3. **Press Release**

A Press Release was issued in Toronto, Ontario on February 2, 1998 and disseminated through the facilities of Canada NewsWire Ltd. A copy of such Press Release is attached hereto as Schedule "A".

4. **Summary of Material Change**

YBM Magnex International, Inc. announced on February 2, 1998 that it has entered into a letter of intent with Philips Electronics UK Limited to acquire its rare earth permanent magnet business ("Philips REPM"), part of the Philips Magnetic Products Group. Philips REPM has facilities in Southport and Burscough, England, and had sales in 1997 of US \$20 million.

5. **Full Description of Material Change**

YBM Magnex International, Inc. ("YBM") announced on February 2, 1998 that it has entered into a letter of intent with Philips Electronics UK Limited to acquire its rare earth permanent magnet business ("Philips REPM"), part of the Philips Magnetic Products Group. Philips REPM has facilities in Southport and Burscough, England, and had sales in 1997 of US \$20 million.

The letter of intent is non-binding and is subject to the execution of a purchase and sale agreement by the parties and their respective board

of directors' approval of such an agreement. The parties expect the transaction to be completed by the end of March, 1998.

YBM intends to change Philips' REPM's focus to include supplying high quality permanent magnets in all product segments and to target Western European markets.

6. **Reliance on Subsection 75(3) of the Securities Act (Ontario)**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Senior Officer**

Jacob G. Bogatin, President and Chief Executive Officer, at the address above or at (215) 579-0400.

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at Newtown, Pennsylvania this 2nd day of February, 1998.

"Jacob G. Bogatin"  
Jacob G. Bogatin  
President and Chief Executive Officer

## Schedule "A"

### YBM MAGNEX INTERNATIONAL, INC.

*NEWS RELEASE*

*FOR IMMEDIATE RELEASE*

**Trading Symbol: YBM**

**The Toronto Stock Exchange**

#### **YBM TO ACQUIRE PHILIPS RARE EARTH MAGNET BUSINESS**

NEWTOWN, PENNSYLVANIA, February 2/CNW-PRN/ - YBM Magnex International, Inc. ("YBM") announced today that it has entered into a letter of intent with Philips Electronics to acquire Philips' rare earth permanent magnet business ("Philips REPM"), part of the Philips Magnetic Products Group. Philips REPM has facilities in Southport and Burscough, England, and had sales in 1997 of \$20 million.

YBM's President and Chief Executive Officer, Jacob Bogatin, stated, "A Western European base is important to our future growth. We intend to change Philips REPM's focus to include supplying high quality permanent magnets in all product segments and aggressively target the Western European markets. This step in our expansion plan was made possible due to the success we have experienced with the acquisition and integration of Crumax Magnetics."

Peter Hopper, Chairman of Philips Magnetic Products Group added, "Following the divestment of our other Hard Ferrite business, we were keen to find a partner for Rare Earth that was prepared to follow the rapid growth in this specific market segment. We are happy that YBM is committed to do this."

The companies expect to complete the transaction before the end of the first quarter.

YBM is a growth-oriented metallurgical company with core involvement in the manufacturing of high-energy permanent magnets and related products. Also, the Company is developing other products, including magnesium alloys and lightweight components. Each activity is underpinned by proprietary technology developed through an active research and development program. YBM is a public company trading on the Toronto Stock Exchange under the symbol YBM.

Philips Magnetic Products is a Business Group of Philips Components, one of the Product Divisions of Philips Electronics, of the Netherlands. In addition to rare earth magnets, Philips Magnetic Products manufactures soft ferrites, and piezo-electric ceramics, for application in a wide range of areas such as consumer electronics, telecommunications, computers and peripherals, and

lighting. Currently employing around 2,200 people worldwide, Philips Magnetic Products has production facilities in Brazil, China, Germany, the Netherlands, Poland, Spain, Taiwan, UK and USA. In partnership with key customers, it gives top priority to innovation and continuous quality improvement.

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For more information, contact:  
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and Investor Relations at (215) 579-0400