MATERIAL CHANGE REPORT

Section 118(1) of the *Securities Act* (Alberta)

1. Reporting Issuer:

Sterne Stackhouse Inc.
900 McFarlane Tower
700 - 4 Avenue S.W.
Calgary, Alberta T2P 3J4

2. Date of Material Change:

January 22, 2001

3. News Release:

January 22, 2001

4. Summary of Material Change:

Sterne Stackhouse Inc. (the "Company") closed the second stage of its private placement offering, initiated on August 4, 2000, wherein it proposed to issue a minimum of 500,000 common shares and a maximum of 2,000,000 common shares at a price of $1.00 per common share for a gross proceeds of up to $2 million.

5. Full Description of Material Change:

(1) Supplement the summary required under Item 4 with a disclosure that is sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material.

(2) Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner.

(3) This description of the significant facts relating to the material change will therefore include some or all of the following:

- *(a) dates;*
- *(b) parties involved;*
- *(c) terms and conditions;*
- *(d) descriptions of any assets;*
- *(e) liabilities or capital affected;*
- *(f) purpose;*
- *(g) financial or dollar values;*
- *(h) reasons for the change;*
- *(i) a general comment on the probable impact on the reporting issuer or its subsidiaries.*

(4) Specific financial forecasts would not normally be required to comply with this form.

(5) *The list in subsection (3) merely describes examples of some of the facts that may be significant and is not intended to be all-inclusive or exhaustive of the information required in any particular situation.*

INSTRUCTION:
When considering subsections (2) and (3) also refer to Item 7.

Sterne Stackhouse Inc. (the "Company") closed the second stage of its private placement offering, initiated on August 4, 2000, wherein it proposed to issue a minimum of 500,000 common shares and a maximum of 2,000,000 common shares at a price of $1.00 per common share for a gross proceeds of up to $2 million.

This first stage represents 577,500 common shares at a price of $1.00 per common share. Employees of the Company primarily financed these proceeds. Each Common Share is accompanied by one-half of one common share purchase warrant at no additional cost. Each whole purchase warrant entitles the holder to receive one common share at a price of $2.00, exercisable until March 13, 2002.

The second stage represents 256,000 common shares at a price of $1.00 per common share. This offering was conducted pursuant to prospectus exemptions under applicable securities laws. Each Common Share is accompanied by one-half of one common share purchase warrant at no additional cost. Each whole purchase warrant entitles the holder to receive one common share at a price of $2.00, exercisable until June 11, 2002.

6. Reliance on Section 118(2) of the *Securities Act*:

N/A

7. Omitted Information:

(1) *Where*

(a) *a material change has occurred,*

(b) *a material change report has been or is about to be filed but section 118(2) of the Act will no longer or will not be relied upon, and*

(c) *the reporting issuer is nevertheless of the opinion that one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report,*

the reporting issuer shall state whether one or more of those significant facts has been omitted.

(2) *Where the reporting issuer indicates that one or more significant facts have been omitted, the reporting issuer shall provide the reasons for the omissions in sufficient detail to permit the Chief of Securities Administration to exercise discretion pursuant to section 192(4) of the Securities Act.*

***INSTRUCTION**:*
The reasons for the omissions of one or more significant facts may be contained in a separate letter filed as provided in section 143 of the Securities Regulations.

N/A

8. Senior Officers:

Mr. Darryl Stackhouse
900 McFarlane Tower
700 - 4 Avenue S.W.
Calgary, Alberta
(403) 263-6325

9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

IT IS AN OFFENCE UNDER THE SECURITIES ACT AND THE ALBERTA SECURITIES COMMISSION RULES FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE RULES THAT, AT THE TIME AND IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

ANY FEE PAYABLE TO THE ALBERTA SECURITIES COMMISSION UNDER THE SECURITIES ACT, THE SECURITIES REGULATION AND THE ALBERTA SECURITIES COMMISSION RULES SHALL BE PAID TO THE ALBERTA SECURITIES COMMISSION IN ACCORDANCE WITH THE REQUIREMENTS OF THE FEE SCHEDULE TO THE SECURITIES REGULATION. ANY FAILURE TO ACCOMPANY A FORM OR APPLICATION WITH THE PRESCRIBED FEE SHALL RESULT IN THE RETURN OF THAT FORM OR APPLICATION.

DATED at Calgary, Alberta as of the 22nd day of January, 2001.

STERNE STACKHOUSE INC.

(signed) *"Darryl Stackhouse"*
President