

FORM 27

Securities Act (British Columbia) Material Change Report Under Section 85(1) of the Act

1. **Reporting Issuer**

Harben Industries Ltd.
Suite 920 – 800 West Pender Street
Vancouver, BC V6C 2V6

2. **Date of Material Change**

July 18, 2000

3. **Press Release**

The Press Release for Harben Industries Ltd. dated July 18, 2000 was forwarded to the Canadian Venture Exchange and disseminated via Canada Stockwatch, Market News, George Cross News Letter and Stock Research Group.

A copy of the Press Release is attached as Schedule "A".

4. **Summary of Material Change**

See paragraph 5 below.

5. **Full Description of Material Change**

Harben Industries Ltd. ("HBN-V") (the "Company") is pleased to announce that it has completed its reverse takeover transaction (the "RTO") with Merit Health and Beauty Inc. ("Merit") and its concurrent private placement as described herein. As part of the RTO, the Company has changed its name to Merit Industries Inc. Commencing July 19, 2000, the common shares of the Company will trade on the Canadian Venture Exchange ("CDNX") under the symbol "MY".

Merit Health and Beauty Inc., which is now a subsidiary of the Company, is based in Vancouver, British Columbia, and is incorporated in British Columbia. Merit is an international distributor of personal care products that has established itself in the market for effervescent bath products. Its primary market is large retail chain stores located in the United States. Merit recently introduced a number of personal care products that are being well received in the market place and it has plans to introduce a number of new products in the coming years. Possessing a strong management team with significant experience in its industry, Merit also intends to grow its business by making strategic acquisitions of other successful companies in its industry.

The consideration for the purchase of all of the common shares of Merit from Merit's former shareholders, Mr. Michael J. Volker, Ms. Kelsey Yee and Mr. Bryan Banks, was the issuance of 2,400,000 common shares in the capital of the Company, comprised of 1,000,000 shares (the "Trading Shares") and 1,400,000 performance shares. In addition, the Company has issued 600,000 performance common shares in the capital of the Company for William S. Harper and Rashid A. Aziz, in the amounts of 250,000 and 350,000, respectively. The Trading Shares have been issued with restrictive trading legends. All of the Trading Shares are restricted from trading until July 18th, 2001. Subsequent thereto, 666,665 of the Trading Shares are restricted from trading until October 18, 2001 and, thereafter, 333,332 of the Trading Shares are restricted from trading until January 18, 2002. The performance shares are held in escrow by Pacific Corporate Trust Company and can be released on the basis of cumulative cash flow with one share being released for each \$0.18 of cumulative cash flow generated.

The Company has also completed a concurrent non-brokered private placement in the amount of 500,000 units (the "Units") at a price of \$0.35 per Unit raising net proceeds of \$167,000 after deducting the costs of the issue of \$8,000. Each Unit consists of one share and one non-transferable share purchase warrant entitling the holder thereof to purchase an additional share of the Company at \$0.50 until January 14, 2002. Insiders of the Company acquired 171,500 of the Units. The gross proceeds will be used primarily for product development, completion of production facilities and for general working capital purposes.

Following completion of the private placement and the RTO, the Company has 5,579,150 common shares issued and outstanding, of which 1,000,000 are the Trading Shares and 2,000,000 are the performance shares described above.

The Company has granted stock options to its directors, officers and employees to purchase an aggregate of 600,000 common shares of the Company at \$0.35 for a period of five years. In accordance with the Company's Stock Option Plan, which has been accepted for filing by the CDNX, these options vest at the rate of 15% per quarter commencing at the end of the first quarter subsequent to the date of the grant.

The Company also announces that Merit Health and Beauty Inc. has received the \$75,000 second advance on the \$150,000 term loan (the "Loan") described in the Company's news release dated June 1, 2000. The Company, in accordance with the terms of the Loan, assumed the Loan on completion of the reverse takeover. The Loan or any portion thereof is convertible into shares of the Company at \$0.36 per share until May 25, 2001 and thereafter at \$0.41 per share until May 25, 2002. The proceeds of the second advance will be used for general working capital purposes.

For additional information on Merit's operations and future plans, please contact Mr. Michael J. Volker at (604) 266-4910.

6. Reliance on Section 67(2) of the Act

N/A

7. **Omitted Information**

N/A

8. **Senior Officers**

The following Senior Officer of the Company is available to answer questions regarding this report:

William S. Harper, Director

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

The undersigned hereby certifies that the statements made in this report are true and correct.

DATED at Vancouver, British Columbia, this 18th day of July, 2000.

Harben Industries Ltd.

(Name of Issuer)

Per:

“William S. Harper”

(Signature of authorized signatory)

William S. Harper, Director

(Name and office of authorized signatory)

SCHEDULE "A"

HARBEN INDUSTRIES LTD.

920-800 West Pender Street, Vancouver, BC, V6C 2V6, tel: (604) 685-8666, fax: (604) 685-8677

July 18, 2000

CDNX Symbol: HBN

NEWS RELEASE

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For additional information on Merit's operations and future plans, please contact Mr. Michael J. Volker at (604) 266-4910.

On Behalf of the Board of Directors
of Harben Industries Ltd.

signed "Michael Volker"

Michael Volker
President and Director