This is the form of a material change report required under Section 85 (1) of the Securities Act.

FORM 27

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

1. Reporting Issuer

Merit Industries Inc.
Suite 920 – 800 West Pender Street
Vancouver, BC V6C 2V6

2. Date of Material Change

December 21, 2000

3. Press Release

The Press Release for Merit Industries Inc. dated December 21, 2000 was forwarded to the Canadian Venture Exchange and disseminated via Canada Stockwatch, Market News, and George Cross News Letter.

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

The Company announced that Merit Industries Inc. (CDNX: MY) Vancouver, British Columbia – Michael Volker, President of Merit Industries Inc. ("Merit" or the "Company") is pleased to announce that the Company has signed a non-binding letter of intent with Draxis Health Inc. (TSE: DAX) to acquire the rights to a number of dermatology product lines.

These products will be the first acquisition for Merit's health division. The products, which include a sunscreen line, a spa line, and a skin care line, will be rolled out over nine months from the closing date through Merit's existing sales channels. A significant number of these products are currently being sold in drugstores across Canada.

Merit will pay for this acquisition through stock and cash for a total purchase price of $145,000 plus royalties. The transaction is subject to definitive documentation and regulatory approvals as required and is expected to complete in January 2001.

Draxis Health Inc. is a diversified specialty pharmaceutical company operating in three niche markets: Radiopharmaceuticals (Draximage); Canadian sales and marketing (Draxis Pharmaceutica); and Companion Animal Health (through its global alliance with Pfizer Inc.).

Draxis supports its own as well as third party manufacturing requirements through its subsidiary, Draxis Pharma, located in Kirkland, Quebec.

Merit is a Vancouver, BC Canada based manufacturer of innovative personal care products and specialty candles that is dedicated to becoming a leader in the consumer goods sector. Merit currently sells its branded products to leading retailers across North America. The Company is confident that the developing or acquiring of creative and innovative brands can be a strategy for success.

NOTE: The Company relies on litigation protection for "forward-looking" statements.

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 21st day of December, 2000.

Merit Industries Inc.
(Name of Issuer)
Per:

"William S. Harper"
(Signature of authorized signatory)

William S. Harper, Director
(Name and office of authorized signatory)

SCHEDULE "A"

MERIT INDUSTRIES INC.

8898 Heather Street Suite 101 Vancouver, BC Canada Phone (604) 266-4910 Fax (604) 266-4917

NEWS RELEASE

MERIT SIGNS LETTER OF INTENT TO ACQUIRE DERMATOLOGY PRODUCT LINES FROM DRAXIS

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For more information please contact:
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