FORM 27

"Relating to a News Release dated December21st, 2001"

MATERIAL CHANGE REPORT UNDER
SECTION 118(1) OF THE SECURITIES ACT (ALBERTA) AND
SECTION 85(1) OF THE SECURITIES ACT (BRITISH COLUMBIA)

ITEM 1 Reporting Issuer:

Spearhead Resources Inc.
275, 999 – 8 Street S.W.
Calgary, Alberta
T2R 1J5

ITEM 2 Date of Material Change:

The material change occurred on December 21st, 2001.

ITEM 3 News Release:

A news release was issued on December 21st, 2001.

ITEM 4 Summary of Material Change:

See Item 5 below.

ITEM 5 Full Description of Material Change:

Spearhead Resources Inc. (the "Corporation") is pleased to announce that it has closed a private placement of $5,000,000 by way of secured, convertible debenture ("Debenture") with Paramount Resources Ltd. ("Paramount") (the "Financing"). The Debenture is for a two year term and is convertible into common shares in the capital of the Corporation until maturity on December 12, 2003. The conversion rate is $0.60 per common share. The closing remains subject to the final approval of the Canadian Venture Exchange Inc.

The proceeds from this private placement will be used for drilling wells in both the Corporation's core areas, being Prairie River, Alberta and Suffield, Saskatchewan, as well as to increase working capital, and future projects of the Corporation.

In connection with the Financing, the Corporation appointed Mr. Jim Riddell, a nominee of Paramount, to the Board of Directors of the Corporation.

ITEM 6 Reliance on Section 118(2) of the Securities Act (Alberta) and Section 85(2) of the Securities Act (British Columbia):

Not applicable

ITEM 7 Omitted Information:

Not applicable.

ITEM 8 Senior Officers:

Mr. Douglas Street
President
Telephone: (403) 531-1711

ITEM 9 Statement of Senior Officer:

The foregoing accurately discloses the material change referred to in this report.

DATED at Calgary, Alberta this ________ day of December, 2001.

SPEARHEAD RESOURCES INC.

/ Signed / *"D. Street"*

Per: ______________________________
Douglas Street, President

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