

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Earthworks Industries Inc. ("Company")
1608 - 675 West Hastings Street
Vancouver, BC V6B 1N2

Item 2 Date of Material Change

January 2, 2007

Item 3 News Release

January 4, 2007

Item 4 Summary of Material Change

The Company signed a Letter of Intent pursuant to which it has agreed to sell 50% of the issued shares of its wholly owned California subsidiary, Cortina Integrated Waste Management Inc. ("CIWM"), grant the purchaser an option to purchase another 10% of the issued shares of CIWM, and grant to the purchaser the control and direction of the further development of CIWM's Colusa County, U.S.A. landfill project.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Earthworks Industries Inc. ("Earthworks") has, effective January 2, 2007, signed a Letter of Intent (LOI) with the North Bay Corporation (NB), of Santa Rosa, California, to sell a 50% interest in its wholly owned subsidiary, Cortina Integrated Waste Management Inc. (CIWM). The LOI is to be followed by the negotiation and settlement of a formal Purchase Agreement between the Parties.

The LOI sets forth the terms and conditions under which the Cortina Landfill Company (CLC), an entity to be formed and wholly owned by NB, will take over, as manager, the planning, financing, construction and operation of CIWM's Cortina landfill project (the "Landfill") on land leased from the Cortina Indian Band ("Band") in Colusa County, California.

CLC will pay \$4,000,000 upon the closing of the Purchase Agreement, and will pay a royalty equivalent to \$2.00 per ton of waste received by the Landfill, up to its permitted capacity. CLC will also lend to CIWM up to \$12,000,000 for the development of the Landfill. The LOI also grants to CLC an option to purchase a further 10% of CIWM shares for \$2,000,000, exercisable for one year after the date of the commencement of the operation of the Landfill.

An Advisory Board will be formed comprised of representatives of Earthworks, CLC and the Band to ensure productive and effective communication in all aspects of the Landfill's development. The CIWM Board of Directors will be changed to comprise one nominee of Earthworks and two nominees of CLC.

NB has advanced \$350,000 to Earthworks at this time, which will be credited to the purchase price. If a Purchase Agreement is not executed within 120 days the agreement expressed in the LOI will terminate and Earthworks will refund the \$350,000 to CLC either in cash or shares of Earthworks, at CLC's discretion.

NB is a privately held company providing solid waste collection, transfer and disposal as well as recyclables collection, processing and market services. NB reportedly serves the needs of over 100,000 residential and commercial customers throughout the Northern California Counties of Marin, Sonoma, Mendocino, Lake and Mariposa.

All references above to monies are to United States dollars.

5.2 Disclosure for Restructuring Transactions

Not applicable

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102.

This Report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted.

Item 8 Executive Officer

The name and business telephone number of the executive officers of the Company who are knowledgeable about the material change and this Report:

David Atkinson - President

Tel: (604) 669-3143

or

Carl Jonsson - Corporate Secretary and Solicitor

Tel: (604) 640-6357

Item 9 Date of Report

January 5, 2007