THE PROSPECTUS GROUP INC.
Suite 900, 180 Elgin Street
Ottawa, Ontario
K2P 2K3

April 18, 2000

ALBERTA SECURITIES COMMISSION
CONTINUOUS DISCLOSURE
20th Floor, 10025 Jasper Avenue
Edmonton, Alberta
T5K 3Z5
Attention: Executive Director

ONTARIO SECURITIES COMMISSION
CONTINUOUS DISCLOSURE
Box 55
Toronto, Ontario
M5H 3S8
Attention: Executive Director

BRITISH COLUMBIA SECURITIES
COMMISSION
STATUTORY FILINGS
Suite 200, 865 Hornby Street
Vancouver, British Columbia
V6Z 2H4
Attention: Executive Director

Dear Sirs:

**Re: The Prospectus Group Inc. (the "Corporation" or "Prospectus") Material Change Report Under Section 118(1) of the *Securities Act* (Alberta), Section 75(2) of the *Securities Act* (Ontario), and Section 85(1) of the *Securities Act* (British Columbia)**

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This letter is intended as a statement setting forth certain matters that may be a material change in the affairs of the Corporation. For convenience, this letter is itemized in the same manner as Form 27 of the *Securities Act* (Alberta), Form 27 of the *Securities Act* (Ontario) and Form 27 of the *Securities Act* (British Columbia). Concurrent with this filing, this letter is being filed with the Canadian Venture Exchange Inc., being the only exchange on which the Corporation's shares are currently listed.

**Item 1 - Reporting Issuer**

The Prospectus Group Inc.
Suite 900, 180 Elgin Street
Ottawa, Ontario
K2P 2K3
Tel: (613) 231-2727
Fax: (613) 237-7666

**Item 2 - Date of Material Change**

Effective April 19, 2000

**Item 3 - News Release**

A Press Release will be issued on or around April 20, 2000.

**Item 4 - Summary of Material Change**

The Corporation has closed a private placement of 1,150,000 units.

**Item 5 - Full Description of Material Change**

Pursuant to a press release dated February 9, 2000, the Corporation announced that it would be completing a brokered private placement of special warrants and had engaged Canaccord Capital Corporation (the "Agent"), on a best efforts basis, to act as agent on such private placement.

Subsequent to the date of the press release, the Corporation and the Agent agreed to restructure the terms of the private placement such that instead of the issuance of special warrants convertible into units of the Corporation, the Corporation would file an annual information form ("AIF") and complete a private placement of units only. The total number of common shares reserved pursuant to this private placement has not changed as a result of this alteration in structure.

As disclosed in the February 9, 2000 press release, each unit ("Unit") is composed of one common share of the Corporation and one common share purchase warrant (a "Warrant"). Each Warrant, in turn, entitles the holder thereof to purchase one additional common share of the Corporation at a price of $0.70 per share, on or before that date which is twelve months from the date of issue of the Warrants.

The Corporation is pleased to announce that it filed an AIF and has received acknowledgement from the Alberta Securities Commission and the British Columbia Securities Commission for such filing. The Corporation is also pleased to announced that it has closed the maximum private placement of 1,150,000 Units for gross proceeds of $506,000 effective March, 2000.

Pursuant to the private placement, the Agent received the following compensation:

a) $5,000 administration fee;
b) 92,000 agent's units having the same terms as the Units described above;
c) 138,000 broker warrants, each broker warrant exercisable into one common share of the Corporation at a price of $0.55 per share on or before 12 months from the date of issue; and
d) 100,000 common shares as consideration for various corporate finance and structuring services provided by the Agent.

The closing of the private placement is subject to final approval from the Canadian Venture Exchange Inc.

**Item 6 - Reliance on Section 118(2) of the *Securities Act* (Alberta), Section 85(2) of the *Securities Act* (British Columbia) and Section 75(3) of the *Securities Act* (Ontario)**

N/A

**Item 7 - Omitted Information**

N/A

**Item 8 - Senior Officer**

The name of a Senior Officer of the Corporation who is knowledgeable about the material change and who can be contacted by the Commission is:

Marvin V. Bedward
President and director
(613) 231-2727

**Item 9 - Statement of a Senior Officer**

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

**DATED** at Ottawa, Ontario this 19th day of April, 2000.

Yours truly,

**The Prospectus Group Inc.**

**Per: "Signed"**
**Marvin V. Bedward**
**President and director**