FORM 53-901F

MATERIAL CHANGE REPORT

Section 85(1) of the *Securities Act*, British Columbia (the "British Columbia Act")
Section 118(1) of the *Securities Act*, Alberta (the "Alberta Act")

1. Reporting Issuer

The full name of the Issuer is DESERT HOLDINGS INC. (the "Issuer"). The address and telephone number of the principal office in Canada of the Issuer is as follows:

#1305 - 1090 West Georgia Street
Vancouver, British Columbia V6E 3V7
Phone: (604) 685-9316

2. Date of Material Change

January 27, 2003

3. Press Release

The press release was released on January 27, 2003 through various approved public media and filed with the TSX Venture Exchange and the British Columbia and Alberta Securities Commissions.

4. Summary of Material Change(s)

See attached press release for details.

5. Full Description of Material Change

See attached press release for details.

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

Not Applicable

7. Omitted Information

Not Applicable

8. Officer

The following officer of the Issuer is knowledgeable about the material change and may be contacted by the Commission at the following telephone number:

Nick DeMare
President & Director
Phone: (604) 685-9316

9. Statement of Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, British Columbia, this 27th day of January, 2003.

"Nick DeMare"
Nick DeMare,
President & Director

DESERT HOLDINGS INC.

#1305 - 1090 West Georgia Street
Vancouver, British Columbia V6E 3V7
Telephone: (604) 685-9316
Fax: (604) 683-1585

NEWS RELEASE **JANUARY 27, 2003**

At the Company's annual general meeting ("AGM") held December 30, 2002, all of management's nominees were elected to the Board. At a directors meeting held subsequent to the AGM, Mr. DeMare was appointed President and Mr. Lim was appointed as Corporate Secretary.

Company shareholders also approved a share consolidation of 3 old for one new. There are currently 4,504,392 common shares issued and outstanding and there will be 1,501,464 shares issued and outstanding on completion of the consolidation. Management has recommended this capital consolidation in order to revitalize the Company. In conjunction with this consolidation shareholders also approved a name change to Desert Resources Ltd. or such other name as is recommended by the directors. The consolidation and name change remain subject to Exchange acceptance and the Company is proceeding to obtain same on a priority basis.

After a long period of inactivity and false starts the Company is again pursuing its initial business objective - natural resources. At the AGM management outlined to shareholders their proposal to reactivate the Company.

The Company remains suspended and before trading can resume the Company has a number of significant tasks to complete. The key initial tasks are completion of a financing to provide necessary capital for administration, property acquisition and exploration and acquisition of an interest in a resource property of merit.

In regard to these tasks the Company is working towards completion of a financing to issue 2,500,000 post consolidation units at a price of $0.10 per unit, with each unit consisting of a share and two year warrant exercisable at $0.15 in the first year and $0.20 in the second year. This would be subject to Exchange acceptance.

In regard to resource property acquisitions, the Company is conducting due diligence on two resource properties located in Peru. Negotiations on the deal terms are substantially advanced and the Company expects to finalize acquisition terms by January 31, 2003.

ON BEHALF OF THE BOARD

"Nick DeMare"
Nick DeMare, Director