

This is a form of a material change report required under Section 85(1) of the Securities Act and Section 151 of the Securities Rules.

**FORM 27**

**Securities Act**

**MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT**

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

NOTE: Every report required to be filed under Section 85(1) of the Act shall be sent to the Commission in an envelope addressed to the Commission and marked "Continuous Disclosure".

NOTE: WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL - SECTION 85", AND EVERYTHING THAT IS REQUIRED TO BE FILED SHALL BE PLACED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL".

Item 1. Reporting Issuer

Southport Capital Corporation

Item 2. Date of Material Change

October 24, 2000

Item 3. Press Release

The press release was issued on October 24, 2000 and disseminated through Newslink Network Corp.

Item 4. Summary of Material Change

Management is pleased to report that the Company has entered into a qualifying transaction and corresponding private placement.

Item 5. Full Description of Material Change

Management is pleased to report that the Southport Capital Corporation (the "Company"), Active Ortho Research & Development Inc. ("Active Ortho") and the shareholders of Active Ortho (the "Sellers") have entered into an Agreement dated as of October 17, 2000 pursuant to which the Company shall acquire all of the issued and outstanding shares of Active Ortho in exchange for 12,958,560 shares of the Company (the "Shares"). The Company and Active Ortho are at arm's length. On completion of the transactions, the Company intends to change its name to "Sportsmed Access Inc."

The transaction will constitute the Qualifying Transaction for the Company in accordance with the policies of the Canadian Venture Exchange (the "Exchange"). The Shares will be subject to a statutory hold period expiring four months after Closing and shares held by principal shareholders of Active Ortho will be subject to escrow restrictions in accordance with Exchange policies for an initial period of six years.

The Company has paid Active Ortho a non-refundable deposit of \$25,000 and has agreed to pay a refundable deposit of \$75,000 on regulatory approval and in any event by October 27<sup>th</sup>. The transaction is subject to various conditions, including Active Ortho receiving additional third party funding of \$100,000 by November 15<sup>th</sup> and an additional \$100,000 by November 30<sup>th</sup> to be used to develop Active Ortho's business discussed below prior to Closing.

The Company will issue to WSi Interactive Corp. ("WSi") 600,000 shares of the Company (the "Finder's Fee Shares") as a finder's fee in consideration for WSi's introduction of Active Ortho and the Sellers to the Company. These shares will be subject to the same resale restrictions as the Shares, including the escrow restrictions. Theo Sanidas, Bryan Kanarens and James L. Harris are officers and/or directors of both the Company and WSi.

### **Sponsorship & Private Placement**

Global Securities Inc. ("Global"), subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion. Global shall receive a cash fee of \$22,500.

The Company has also negotiated a brokered private placement with Global to use its best efforts to place up to 1,666,000 units at \$0.60 per unit, each unit consisting of one share and one warrant to buy one share for \$1.00 for one year from Closing. Global shall be receive a commission of 8% in cash (plus a 1% corporate finance fee) and 10% agent's warrants entitling Global to purchase shares at \$0.60 for a period of one year from Closing. If all of the units in the brokered private placement are sold, the private placement will raise an aggregate of approximately \$1,000,000. The net proceeds of the private placement will be used to develop Active Ortho's business described below. The acquisition of Active Ortho is conditional upon the closing of this private placement, and upon Global having received commitments on or before November 30, 2000 for a minimum \$700,000 of the financing with the balance of the financing being committed on or before December 15, 2000.

### **Active Ortho and its Business**

Active Ortho is a private Canadian company. Active Ortho is based in British Columbia and has one wholly owned subsidiary, Active Orthopaedics Inc., a Washington State corporation.

Active Ortho is developing a web-based business with the domain name [www.sportsmedaccess.com](http://www.sportsmedaccess.com) (the "Business"). In partnership with medical practitioners and researchers with experience at a sports medicine centre located in Vancouver,

British Columbia, Active Ortho intends that the Business will be an online, patient care and clinic management system designed exclusively for sports medicine practitioners.

The doctors in partnership with Active Ortho R & D Inc. are: Douglas Clement, Jack Taunton, D. Robert Lloyd-Smith and Don Mackenzie. The four have a combined experience of over 100 years in the treatment of conditions of the muscle and bone systems of the body (musculoskeletal). This area of expertise can be applied to conditions involving industrial injuries, motor vehicle accidents, rehabilitation medicine, rheumatology (arthritis), general orthopaedics as well as sports medicine and exercise. The role of the four physicians will be to provide medical content for patient education and practitioner clinical resources and to provide corporate direction within the medical marketplace.

The purpose of the Business will be to facilitate and expedite sports injury treatment while reducing both practitioner costs and liabilities in addition to patient recovery times. By delivering online sports injury treatment information and e-healthcare management systems, Active Ortho intends that the Business will promote rapid recovery, empower patient participation, and reduce healthcare costs for patients, practitioners and payers.

Active Ortho intends that the Business will integrate patient and practice management applications with online products and services that facilitate and expedite the treatment of sports injuries. Active Ortho's goal is that the Business will provide a complete system to effectively and efficiently manage a sports medicine clinical practice. Active Ortho intends that:

- a. practitioners will benefit from increased office systems and claims transaction processing efficiency, and decreased patient management and administrative costs;
- b. patients will experience more rapid recovery times through better service delivery, education, and follow-up treatment compliance; and
- c. payers will benefit from improved tracking of patient outcomes that form the basis for best practices and treatment protocols that ensure reduced costs and treatment efficacy.

Active Ortho's consolidated financial statements to May 31, 2000 have been audited and reflect net tangible assets of \$226,293.

Upon completion of the Transactions, the Company intends to operate in the technology industry sector and expects that it will meet category 3 of the Tier 2 Minimum Listing Requirements as such term is defined in Policy 2.1 of the Corporate Finance Manual of the Exchange.

### **Principal Sellers**

The following are the names and number of Shares being acquired by each of the principal Sellers, all of whom are residents of British Columbia:

Name	No. of Shares to be Acquired
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Grant Kirchner	2,500,000
Kenneth Parkinson <sup>1</sup>	1,000,000
Mary Parkinson <sup>1</sup>	1,000,000
Ortho-Active Appliances Ltd. <sup>1</sup>	500,000
MD Active Solutions Ltd. <sup>2</sup>	5,000,000
Grant Kirchner in trust <sup>3</sup>	1,700,000
4 <sup>th</sup> Floor Solutions Inc.	300,000
<b>Total:</b>	<b>12,000,000</b>

- <sup>1</sup> This company is controlled by Kenneth Parkinson and Mary Parkinson equally.
- <sup>2</sup> Diane Clement, Cheryl Taunton, Barbara McKenzie, and Elizabeth MacKenzie each own a 25% interest in MD Active Solutions Ltd. They are the spouses of the four doctors (Drs. Douglas Clement, Jack Taunton, Don McKenzie and D. Robert Lloyd-Smith) who are working with Active Ortho to develop its Internet business.
- <sup>3</sup> These shares are held in trust to form part of the compensation for new medical consultants that the Company will need to attract to enhance and develop its business. The allocation of these shares for this purpose will be at the discretion of the Directors of the Company.

### **New Insiders of the Company upon completion of the Transactions**

On completion of the proposed transactions, it is intended that the Board of Directors of the Company shall consist of the one existing director, Bryan Kanarens, and three new directors, details of which are set out below.

#### *Grant Kirchner*

On completion of the Transactions, Mr. Kirchner will be the President and a director of the Company, and he will own beneficially 2,500,000 Shares equal to 13.2% of the post-transaction issued shares (excluding shares that may be issued in respect of the financing referred to above).

Mr. Kirchner is a certified Prosthetist and Orthotist with over a decade of experience in the design and development of patient care delivery protocols in the United States and Canadian healthcare markets. From October, 1995 to October, 1999, Mr. Kirchner served as a clinical director of Ortho Active Inc. and was responsible for research, design and development of sports medicine and orthopedic products.

#### *Dr. Douglas Clement*

On completion of the Transactions, Dr. Clement will be a director of the Company.

Dr. Clement is a sports medicine physician with over 40 years of clinical expertise. Dr. Clement is a co-founder and co-director of the Allan Gavin Sports Medicine Centre at the University of British Columbia. Dr. Clement is a former team physician for the Vancouver Canucks and the National Track and Field Team at the Olympic Games. He has served as a National Coach for Athletics Canada. In the 1952 and 1956 Olympics, Dr. Clement competed in

track and field. In addition to his medical practice, and athletic pursuits, Dr. Clement has contributed to over 60 journal articles, nine books and has served on the editorial board of five journals. He is also an international lecturer and a recipient of over a dozen awards, including the Order of Canada.

*John York*

On completion of the Transactions, Mr. York will be a director of the Company.

Mr. York is a chartered accountant with almost 20 years of experience with publicly traded companies. After commencing his career in Vancouver with Price Waterhouse Coopers, Mr. York held senior financial and administrative positions with small and medium sized companies with both domestic and international interest. Mr. York has been the Chief Financial Officer of WSi since December 31, 1999. From December, 1995 to May, 1999, Mr. York was the Chief Financial Officer of Battlefield Minerals Corporation located in Vancouver, British Columbia. From early 1994 to November, 1995, Mr. York was the Chief Financial Officer of Zamora Gold Corp. located in Vancouver, British Columbia.

In addition to the above directors, Mr. Michael C. Volker will be an adviser to the Board of Directors of the Company.

Mr. Volker is the director of Simon Fraser University's Industry Liaison office and an active participant in the B.C. high technology industry. He is chairperson of the Vancouver Enterprise Forum and a director of the BC Advanced Systems Institute and the CDNX Listed Companies Association. Mr. Volker is a founder of Volker-Craig Ltd, RDM Corporation, Silicon Slopes Capital Corporation, Plutonic Capital Corp., and VANTEC, the Vancouver Angel investor network. Mr. Volker frequently gives lectures and speaks on management and technology issues.

Mr. Volker is an executive director of the BC Advanced Systems Institute and is presently a director of Simon Fraser University's Industry Liaison office. Mr. Volker has a seat on the Exchange's Advisory Council and is the chairperson of the Vancouver Enterprise Forum. Mr. Volker is a founder of Volker-Craig, RDM Corporation, Silicon Slopes, BC Tech 20, Angel Forum and Angel Network. Mr. Volker frequently gives lectures and speaks on management and technology issues.

**Post Transaction Share Capital**

The Company has issued and outstanding currently 4,668,000 shares (5,384,800 fully diluted). On completion of all transactions, there will be issued and outstanding 18,226,560 shares (excluding shares that may be issued in respect of the financing referred to above) and 18,943,360 fully diluted.

### **Stock Option Plan**

In connection with the proposed transactions, the Company has created a stock option plan pursuant to which the Board of Directors of the Company will be able to grant options to purchase that number of shares of the Company equal to 20% of the issued and outstanding shares of the Company at Closing less the outstanding 466,800 stock options already granted by the Company. Such options shall be granted in accordance with the policies of the Exchange.

The new plan remains subject to regulatory and shareholder approval, and any options granted pursuant to the plan may not be exercised until such time as the plan has received such approvals. The Company intends to put the new plan before shareholders for approval at the next annual general meeting later this year.

### **Significant Conditions Required to Complete the Transactions**

Completion of the Transactions are subject to a number of conditions, including but not limited to, Exchange acceptance and the approval of the majority of the minority shareholders of the Company. The Transactions cannot close until the approval of the shareholders of the Company is obtained. There can be no assurance that the Transactions will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the Transactions, any information released or received with respect to the Transactions may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The Exchange has in no way passed upon the merits of the proposed Transactions and has neither approved or disapproved the contents of this press release.

Other significant conditions of the Transactions include:

- a. the completion of the private placement;
- b. Active Ortho receiving from Southport or from third parties not less than \$275,000 by way of deposit, loan or otherwise prior to November 15, 2000.

Item 6. Reliance on Section 85(2) of the Act

Nothing in this form is required to be maintained on a confidential basis.

Item 7. Omitted Information

Not applicable.

Item 8. Senior Officers

James L. Harris  
Secretary  
(604) 609-3068

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Dated this 24<sup>th</sup> day of October, 2000 at Vancouver, BC.

SOUTHPORT CAPITAL CORPORATION

By: \_\_\_\_\_

Secretary  
\_\_\_\_\_  
(Official Capacity)

James L. Harris  
\_\_\_\_\_  
(Please print here name of individual whose  
signature appears above.)