

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

FORM 53-901F

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 *Securities Act* (the "Act") must be sent to the British Columbia Securities Commission (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 PLACE EVERYTHING THAT IS REQUIRED TO BE FILED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL."

Item 1. Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer.

Sourcesmith Industries Inc.
Suite 314 - 255 West First Street
North Vancouver, BC
V7M 3G8

Item 2. Date of Material Change

June 18, 2001

Item 3. Press Release

State the date and place(s) of issuance of the press release issued under Section 85(1) of the Act.

A News Release dated and issued June 18, 2001 at Vancouver, BC, through Canada Stockwatch, Market News and the Canadian Venture Exchange.

Item 4. Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change.

See news release, a copy of which is attached hereto.

Item 5. Full Description of Material Change

Supplement the summary required under Item 4 with the disclosure that should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other materials. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also Item 7.

This description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.

The above list merely describes examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation.

See news release, a copy of which is attached hereto.

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

If the report is being filed on a confidential basis in reliance on Section 85(2) of the Act, state the reasons for such reliance.

INSTRUCTIONS:

Refer to Section 85(3) of the Act concerning continuing obligations regarding reports filed under this subsection.

Not applicable.

Item 7. Omitted Information

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed but Section 85(3) of the Act will no longer or will not be relied upon, a reporting issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.

State whether any information has been omitted on this basis and provide the reasons for any such omission in sufficient detail to permit the Commission to exercise its discretion pursuant to Section 169(4) of the Act.

The reasons for the omission may be contained in a separate letter filed as provided in Section 151 of the Rules.

Not applicable.

Item 8. Senior Officers

Give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom the Commission may contact that senior officer.

Barry Swanson, President. Telephone: (604) 988-6370.

Item 9. Statement of Senior Officer

Include a statement in the following form signed by a senior officer of the reporting issuer:

"The foregoing accurately discloses the material change referred to herein".

Also include date and place of making the statement.

I hereby certify the foregoing accurately discloses the material change referred to herein:

SIGNED: "Barry Swanson"
Barry Swanson

OFFICE HELD: President

DATED: North Vancouver, British Columbia, on June 18, 2001.



FOR IMMEDIATE RELEASE

June 18, 2001

NEWS RELEASE

Advanced Business Process Management with Resource Framework™

North Vancouver, BC – Sourcesmith Industries Inc. (CDNX: SSM) released Resource Framework™ Version 1.0, to answer the growing requirements for companies to automate business processes.

Resource Framework™ is an enterprise wide project planning and asset management system designed for a variety of industries. Comprised of a series of modules that cover business processes from project planning through procurement, logistics, and asset management, Resource Framework™ features a familiar Microsoft® Explorer style interface to encourage quick adaptation and minimize training requirements. Resource Framework's open design concept simplifies integration to corporate computer systems allowing organizations to maximize resources, reduce costs, and automate business processes.

Sourcesmith created Resource Framework™ as a series of modules that may be licensed independently or together as a fully integrated system, enabling organizations to correctly match the software to their needs.

Greg Protti, Vice-President of Sales and Marketing says, "Resource Framework will not only play an integral role in providing businesses with the power to automate their business processes, but allow companies to resolve business issues in the priority they have identified. As release 1.0 creates a stable, supportable platform, Sourcesmith is enthusiastic that such benefits will soon be recognized by its growing clientele".

Founded in 1994, Sourcesmith Industries Inc (CDNX "SSM") located in British Columbia, Canada designs and manufactures business process management software. The company offers a range of products and services marketed under the "Resource Framework" application suite.

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For more information refer to our website at www.sourcesmith.com or contact:

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