FORM 51-102F3
Material Change Report

1. Name and Address of Company:

Stonecliffe Capital Inc.
Suite 301, 620 - 12th Avenue S.W.
Calgary, AB T2R 0H5

2. Date of Material Change:

June 7, 2005

3. News Release:

June 22, 2005

4. Summary of Material Change:

Stonecliffe Capital Inc. ("Stonecliffe" or the "Corporation") (TSX Venture: SNT.P) today announced details concerning its proposed qualifying transaction with PDN Medical Inc. ("PDN").

Stonecliffe has entered into an arm's length letter agreement dated June 7, 2005 with PDN and the principal shareholders of PDN, pursuant to which the Corporation and PDN have agreed to complete a business combination (the "Business Combination") to form a new company called PDN Medical Inc. ("NewCo"). The Business Combination is expected to constitute a Qualifying Transaction of the Corporation as defined in the policies of the TSX Venture Exchange Inc. ("TSX Venture").

5. Full Description of Material Change:

See press release attached as Schedule "A" hereto.

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102 *Continuous Disclosure Obligations*:

Not Applicable

7. Omitted Information:

Not Applicable

8. Executive Officer Knowledgeable of Material Change:

Keith G. Prosser
Suite 301, 620 - 12th Avenue S.W.
Calgary, AB T2R 0H5
Telephone: (403) 261-5050

9. Date of Report:

June 23, 2005

SCHEDULE "A"

STONECLIFFE CAPITAL INC. ANNOUNCES QUALIFYING TRANSACTION

TSX VENTURE: SNT.P **FOR IMMEDIATE RELEASE**

CALGARY, ALBERTA – JUNE 22, 2005 – Stonecliffe Capital Inc. ("Stonecliffe" or the "Corporation") (TSX Venture: SNT.P) today announced details concerning its proposed qualifying transaction with PDN Medical Inc. ("PDN").

About PDN

PDN is a private London, Ontario-based healthcare and consumer products company. PDN is in the business of manufacturing and distributing an innovative line of wound care products to the medical industry, veterinary products, and first aid products to consumers through retail channels. PDN's ONE brand of products are over the counter skin treatments.

PDN is currently selling products to the Canadian and, to a limited extent, the United States retail, medical and veterinary markets. PDN entered the Asian market with the export of retail products to Hong Kong in June 2004.

PDN is in the process of applying for approval of its medical line of products from the applicable regulatory authorities in Asia (Ministry of Health) and in Canada through the new Natural Health Product department of Health Canada; and intends to do the same in the United States with the Food and Drug Administration.

The ONE-Plus Wound Care line of products are for wound care and burns. PDN began in the medical market segment, distributing and marketing the ONE-Plus Wound Care line of products to nursing homes, doctors' offices and hospitals. ONE Pet Treatment, the veterinary line of PDN products developed in 1999, is currently distributed to veterinary clinics and animal hospitals. PDN subsequently created a new line of consumer products in 2002 called ONE. PDN offers three product categories - ONE for Cuts & Burns, ONE for Baby Bums, and ONE for Sunburns.

PDN has a growing customer base market in North America. Although PDN has a relatively small market share, PDN has two key customers, Wal-Mart Canada and Shoppers Drug Mart, to distribute ONE products. PDN intends to expand product lines and distribution channels in Canada and the United States using these key customers as leverage in the industry.

PDN contract manufactures its products in a Health Canada approved factory located in Toronto, Ontario. PDN believes continued research, development and clinical work will provide for new product development and further penetration into the medical markets.

PDN requires capital for advancement of product development, support of existing distribution channels and for further expansion into other markets. National media campaigns, sampling programs and advertising are necessary to further promote the retail products in Canada and a planned launch into the United States.

PDN Market

According to Worldwide Biotech Boston, the worldwide wound dressing market is US$10 billion. The worldwide diabetic care market is estimated by Kalorama Information (a division of Market

Research.com) to be US$14.4 billion. The United States first aid market is estimated by Packaged Facts (a division of Market Research.com) to be US$1.5 billion. Johnson & Johnson in their 2003 annual report estimated the worldwide skin care product market is US$43. Finally, according to Euromonitor 2005 the worldwide baby care market is estimated to be US$3.6 billion.

PDN Corporate History and Structure

PDN was originally incorporated as Aquamed Canada Inc. on June 5, 1998 and then formed by amalgamation on December 1, 2004 under the *Business Corporations Act* (Ontario). The principal office of PDN is located in London, Ontario and its website address is www.pdnmedical.com.

Immediately prior to the proposed business combination with Stonecliffe, PDN intends to reorganize its capital structure (the "PDN Reorganization") so as to have 40,000,000 common shares (the "PDN Common Shares") issued and outstanding and no stock options, warrants or other dilution, other than up to 2,000,000 stock options (the "PDN Options") and up to 500,000 warrants (the "PDN Warrants"), each entitling the holder to purchase one PDN Common Share at a price of $0.25 per share.

The principal shareholder of PDN after the PDN Reorganization is Diane Padoin of London, Ontario who will own approximately 79% of the outstanding PDN Common Shares.

Based on audited consolidated financial statements for the year ended November 30, 2004, PDN had revenue of $191,311, expenses of $813,538, a net loss of $678,284. In addition, as at November 30, 2004, PDN had total assets of $342,486 and total liabilities of $2,149,211, and a working capital deficiency of $1,411,671. On December 1, 2004, promissory notes of PDN of $1,028,007 were converted into PDN Common Shares. As at November 30, 2004, these promissory notes were reported as current liabilities in the audited consolidated financial statements.

Based on unaudited consolidated financial statements for the three months ended February 28, 2005, PDN had revenue of $68,286, expenses of $205,356, a net loss of $151,419. In addition, as at February 28, 2005, PDN had total assets of $468,610 and total liabilities of $1,298,747, and a working capital deficiency of $408,947.

Directors and Officers of PDN

The current directors of PDN are Diane Padoin, Tony J. Crncich and Stuart Lowther.

The current officers and key personnel of PDN are Diane Padoin, President and CEO; Dennis G. Gibson, interim Chief Financial Officer and Michael Jiang, Director of Asian Business Development.

Diane P. Padoin, age 45, of London, Ontario is the President and Chief Executive Officer of PDN. She is actively involved in all aspects of PDN including new business development, marketing initiatives, regulatory compliance, and new product research and development. Prior to founding PDN in 1998, Mrs. Padoin spent 18 years in the medical and pharmaceutical industry, having held senior management, sales and marketing positions with Proctor & Gamble from 1984 to 1987 and Eli Lilly from 1990 to 1995. Mrs. Padoin holds a Bachelor of Arts degree in Administrative & Commercial Studies from the University of Western Ontario.

Tony J. Crncich, age 75, of London, Ontario is a strategic planning and business management advisor to PDN and has accepted an invitation to be a Director of PDN. Mr. Crncich, a Pharmacist, was the co-founder of Big V Pharmacies Limited. After serving as Treasurer, Mr. Crncich became the President of Big V Pharmacies Limited and Chairman of the Board of Directors from 1969 to 1992. During his tenure as President he grew Big V Pharmacies from $2 million in sales to over $565 million. In 1984, he received the Business Achievement Award from the London Chamber of Commerce for Big V

Pharmacies. In 2000, Mr. Crncich was inducted into the London Business Hall of Fame (Laureate). Mr. Crncich is Chairman of the Board of Directors of Robarts Research Institute and holds a position on the Junior Achievement Advisory Board. In the past he has served extended terms on the Board of Directors for Essex County Pharmacists Association, Council of Ontario College of Pharmacists, D.H. Howden, London Development Advisory, Green Shield Canada, and AXA Insurance.

Stuart A. Lowther, age 41, of Toronto, Ontario is an International Markets Advisor to PDN Medical Inc. and has accepted an invitation to serve on the PDN Board of Directors. Mr. Lowther holds a Masters degree in Nutrition and Human Metabolism from the University of Guelph, Department of Human Biology and Nutrition and McMaster Medical Centre, Department of Neurology, as well as an Honors degree in Nutritional Sciences from the University of Guelph. Mr. Lowther is a 16-year-veteran of the health-science field of pharmaceuticals, nutrition and dietary supplements with extensive experience in all aspects from product conception to sales and marketing. He is presently the founder, President and CEO of Life Science Nutritionals Inc. Previously, Mr. Lowther was the Manager, International Sales and Business Development with Jamieson Laboratories Ltd. from February 2003 to April 2005. He was the Senior Manager, Research and Product Development of Muscletech Research and Development Inc. from November 2000 to December 2002. He was also in sales and marketing with Schering Plough Pharmaceuticals from February 2000 to September 2000.

Dennis G. Gibson, age 56, of Oakville, Ontario is interim Chief Financial Officer for PDN. Mr. Gibson holds a Bachelor of Commerce degree from Concordia University and has his Certified General Accountant designation. Mr. Gibson has worked as a self-employed financial consultant since July 2004. From August 1996 to June 2004, Mr. Gibson served as the Vice-President, CFO and Corporate Secretary of Vector Intermediaries Inc., a public company listed on TSX Venture.

Michael Jiang, age 39, of Calgary, Alberta is the Director of Asian Business Development of PDN. Mr. Jiang was born and raised in mainland China and is fluent in English and Mandarin. Mr. Jiang has over 10 years of experience in the management finance, strategy and planning, and risk analysis in China and the United Kingdom with Sinochem, a 'Fortune 500' trading company. Mr. Jiang held the positions of Crude Oil Trader, Crude Division and Finance Manager in the Finance Division of Sinochem International Oil Trading Company in Beijing, China from 1991 to 1995. He held the position of Deputy General Manager of the Strategy & Planning Division of Sinochem in Beijing China from 1995 to 1997. From 1997 to 2001, he was the General Manager of the Finance Division of Sinochem Europe Holdings in London, England. Mr. Jiang also held the position of Credit & Risk Analyst, Bonds & Guarantees Division, of China Export & Credit Insurance Corporation (Sinsure) during the summer of 2002. Mr. Jiang received a Masters of Economics from the University of International Business & Economics in Beijing, China in 1991. In 1999, he received his Certified General Accountants designation in Vancouver, B.C. Mr. Jiang most recently received a Masters in Business & Administration from the Richard Ivey School of Business, University of Western Ontario in 2003.

Summary of the Proposed Qualifying Transaction

Stonecliffe has entered into an arm's length letter agreement dated June 7, 2005 with PDN and the principal shareholders of PDN, pursuant to which the Corporation and PDN have agreed to complete a business combination (the "Business Combination") to form a new company called PDN Medical Inc. ("NewCo"). The Business Combination is expected to constitute a Qualifying Transaction of the Corporation as defined in the policies of the TSX Venture Exchange Inc. ("TSX Venture").

The Business Combination will be completed after PDN has completed a private placement of up to 10,000,000 PDN Common Shares at a price of $0.25 per share for gross proceeds up to of $2,500,000 (the "PDN Private Placement"), to be completed in one or more closings. PDN may engage registered dealers (the "Agents") in connection with the PDN Private Placement. The Agents may be granted agents' options (the "PDN Agents' Options") to purchase 10% of the number of PDN Common Shares issued pursuant to the PDN Private Placement at a price of $0.25 per share for a period of eighteen (18) months. PDN intends to use the proceeds of the PDN Private Placement for advancement of product development, support of existing distribution channels and for further expansion into other markets; pursuant to a budget to be approved by the Board of Directors of NewCo. National media campaigns, sampling programs and advertising are necessary to further promote the retail products of PDN in Canada, as well as a planned launch into the United States.

Assuming completion of the maximum PDN Private Placement, PDN will have 50,000,000 PDN Common Shares and 1,000,000 PDN Agent's Options outstanding.

Pursuant to the terms of the Business Combination: (i) the holders of the PDN Common Shares will receive one common share of NewCo (the "NewCo Common Shares") with a deemed value of $0.25 per share for each share owned; and (ii) the holders of the Stonecliffe Common Shares will receive one NewCo Common Share for each existing common share of Stonecliffe owned. The outstanding PDN Agent's Options, PDN Options, PDN Warrants and the outstanding Stonecliffe agent's options and stock options shall be replaced with agent's options, warrants and stock options of NewCo with identical terms.

After completion of the Business Combination, the NewCo Board of Directors will consist of Keith G. Prosser, a current director of Stonecliffe, as well as Diane Padoin, Tony J. Crncich, Stuart Lowther and one additional nominee of PDN, to be determined.

After completion of the Business Combination and the PDN Private Placement, the current PDN shareholders will hold 75% of the NewCo Common Shares, the current Stonecliffe shareholders will hold 6% of the NewCo Common Shares and the subscribers to the PDN Private Placement will hold 19% of the NewCo Common Shares, assuming completion of the maximum number of shares to be sold under the PDN Private Placement.

First Associates Investments Inc., subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the Business Combination. **An agreement to act as sponsor should not be construed as any assurance with respect to the merits of the Business Combination or the likelihood of completion.**

The completion of the Business Combination is subject to the approval of TSX Venture and all other necessary regulatory approval. The completion of the Business Combination is also subject to additional conditions precedent, including shareholder approval of the Corporation and of PDN, satisfactory completion by due diligence reviews by the parties, board of directors approval of the Corporation and PDN, the entering into of a formal agreement, the entering into of employment agreements and non-competition agreements with certain senior officers and principal shareholders of PDN, and certain other conditions.

The Business Combination will be an arm's length transaction as the current directors and officers of Stonecliffe own no interest in PDN.

Stonecliffe announces it has reserved a price of $0.25 per share for the grant of stock options to acquire up to 10% of the number of issued and outstanding NewCo Common Shares (the "Stock Options") in the event the Business Combination and the PDN Private Placement are completed. The grant of the Stock Options is subject to regulatory approval. The Stock Options will be granted to directors, officers, employees and consultants of NewCo, as determined by the Board of Directors of NewCo following the completion of the Business Combination.

For further information contact Keith G. Prosser, President of Stonecliffe at (403) 261-5050 or Diane Padoin, President and Chief Executive Officer of PDN, at (519) 473-2896.

As indicated above, completion of the Business Combination is subject to a number of conditions, including but not limited to, TSX Venture acceptance and shareholder approval. The Business Combination cannot close until the required shareholder approval is obtained. There can be no assurance that the Business Combination will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Information Circular of the Corporation to be prepared in connection with the Business Combination, any information released or received with respect to the Business Combination may not be accurate or complete and should not be relied upon. Trading in the securities of the Corporation should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the Business Combination and has neither approved nor disapproved the contents of this press release.

Except for historical information contained herein, this news release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially. Factors that might cause a difference include, but are not limited to, market acceptance of principal products, the impact of competitive products and technologies, the possibility of products infringing patents and other intellectual property of fourth parties, and costs of product development. Neither PDN nor Stonecliffe will update these forward-looking statements to reflect events or circumstances after the date hereof. More detailed information about potential factors that could affect financial results is included in the documents filed from time to time with the Canadian securities regulatory authorities by Stonecliffe and PDN.

(Not for dissemination in the United States of America)