

PRELIM CAPITAL INC.

18 King Street East, Suite 1203
Toronto, Ontario M5C 1C4

FILED VIA SEDAR

Ontario Securities Commission
20 Queen Street West, 19th Floor
Toronto, Ontario, M5H 3S8

Attention: Continuous Disclosure

Alberta Securities Commission
4th Floor, 300 – 5th Avenue S.W.
Calgary, Alberta
T2P 3C4

Attention: Continuous Disclosure

TSX Venture Exchange
3rd Floor
130 King Street West
Toronto, Ontario, M5X 1E5

Attention: Continuous Disclosure

British Columbia Securities Commission
12th Floor, Pacific Centre
701 W. Georgia St.
Vancouver, B.C., V7Y 1L2

Attention: Continuous Disclosure

Dear Sirs/Mesdames:

Re: Material Change Report
Form 51-102F3

1. The name of the reporting issuer is **Prelim Capital Inc.** (“**Prelim**” or the “**Company**”), whose principal office is at 18 King Street East, Suite 1203, Toronto, Ontario M5C 1C4.
2. The material change occurred on September 28, 2009.
3. A Press Release was published at Toronto on October 6, 2009 on the Marketwire - TSX Venture Disclosure Wire.
4. Prelim announced that it had entered into an arm’s length letter of intent (the “**LOI**”) dated September 28, 2009, with Hudson River Minerals Ltd. (“**HRM**” or the “**Corporation**”), a company incorporated under the laws of the Province of Ontario, pursuant to which Prelim will, subject to a number of conditions, acquire all of the issued and outstanding securities of HRM. The transaction will constitute the Company’s qualifying transaction (the “**Qualifying Transaction**”) under the policies of the TSX Venture Exchange (the “**Exchange**”). A copy of the executed LOI will be filed together with this material change report via SEDAR as a material document.
5. Under the LOI, shares of HRM will be exchanged for shares of Prelim on the basis of one (1) Prelim share for each HRM share such that following the exchange, current holders of Prelim shares will hold approximately 36.3% (4,800,000 shares) of the issued and outstanding Prelim shares and current holders of HRM shares will hold approximately 63.7% (8,437,500 shares) of the issued and outstanding Prelim shares (the “**Proposed Acquisition**”) before giving effect to the private placement described below.

QT FINANCING

Prior to the Proposed Acquisition, HRM will undertake a private placement for minimum gross proceeds of \$600,000 and up to \$1,650,000 (the “**Offering**”) by way of a private placement financing of a minimum of (i) 3,500,000 common shares in the capital of the Corporation and up to 10,000,000 common shares in the capital of the Corporation to be issued on a flow-through basis (the “**Flow-Through Shares**”) at a subscription price of \$0.15 (Canadian) per Flow-Through Share for a minimum gross proceeds of \$525,000 and up to \$1,500,000 and (ii) 750,000 common shares in the capital of the Corporation to be issued on a non-flow-through basis (the “**Common Shares**”) and up to 1,500,000 Common Shares at a subscription price of \$0.10 (Canadian) per Common Share for minimum gross proceeds of \$75,000 and up to \$150,000. HRM has agreed (i) to pay IBK Capital Corp. (“**IBK**”) a commission equal to 9% of the aggregated gross proceeds raised pursuant to the Offering, such commission to be paid to IBK in cash or in common shares as IBK decides and (ii) to issue compensation options (the “**Agent’s Compensation Options**”) equal to 10% of the aggregate number of Flow-Through Shares and Common Shares sold pursuant to the Offering, where each Agent’s Compensation Option shall entitle IBK to one non-flow-through common share (an “**Agent’s Share**”) at an exercise price of \$0.10 per Agent’s Share.

Assuming completion of the Offering, the resulting issuer will have upon closing a minimum of 17,487,500 and up to 24,737,500 common shares issued and outstanding. No non-arm’s length parties to the Company hold any securities of HRM and no non-arm’s length parties to HRM hold any securities of Prelim.

CONDITION TO CLOSING OF QUALIFYING TRANSACTION

The closing of the Qualifying Transaction with HRM is subject to a number of conditions, including, but not limited to the following:

- HRM having raised a minimum of \$600,000 and up to \$1.65 million as per the Offering;
- HRM completing a share consolidation to bring its issued and outstanding share capital to 8,437,500 shares immediately prior to the closing of the Qualifying Transaction;
- HRM providing appropriate audited financial statements;
- appropriate receipt and approval of a NI 43-101 technical report;
- completion or waiver of sponsorship;
- receipt of all required regulatory approvals, including the approval of the Exchange, of the Qualifying Transaction;
- completion of all due diligence reviews;
- receipt of all director and shareholder approvals as may be required under applicable laws or regulatory policies; and
- execution of a formal Transaction Agreement.

Sponsorship of a qualifying transaction of a capital pool company is required by the Exchange unless exempt in accordance with Exchange policies. Prelim intends to apply for an exemption from sponsorship requirements; however, there is no assurance that Prelim will obtain this exemption.

A filing statement in respect of the proposed Qualifying Transaction will be prepared and filed in accordance with Policy 2.4 of the Exchange (the “**Policy**”) on SEDAR at www.sedar.com no less than seven business days prior to the closing of the proposed Qualifying Transaction. A press release will be issued once the filing statement has been filed as required pursuant to Exchange policies.

Trading in the common shares of Prelim will remain halted until the Exchange is satisfied that Prelim has satisfied the requirements under subsection 2.3(b) of the Policy.

Hudson River Minerals

HRM was incorporated in the Province of Ontario on August 1, 2008. As of this date HRM has 16,875,000 shares issued and outstanding which it intends to consolidate on a 1-for-2 basis prior to the Qualifying Transaction. HRM is a private Ontario corporation. Its assets include (i) a 100% interest in 80 mining claims comprising two separate claim groups (the “**Claim Groups**”) in northern Ontario’s Thunder Bay Mining Division in the area known as “McFauld’s Lake” or the “Ring of Fire”, on which it has spent approximately \$358,000 (unaudited); and (ii) \$16,900 cash (unaudited).

HRM is a closely held private Ontario corporation with 33 shareholders. The following individuals own 10% or more of the Corporation:

- Balch Research Corporation, a company incorporated under the laws of the Province of Ontario and 100% owned by Steve Balch, which holds 25.92% of HRM. Before giving effect to the Offering, Balch Research Corporation will hold 16.52% of the Resulting Issuer.

To date HRM has been capitalized with private funding of approximately \$467,400. The company has completed exploration expenditures of approximately \$358,800 on the Claim Groups. HRM has expended \$91,700 on financing, consulting, general and administrative expenses. HRM currently has approximately \$16,900 of working capital (unaudited).

Qualifying Transaction

Upon successful completion of the Offering and the Qualifying Transaction between HRM and the Company, the Resulting Issuer will have assets of 80 mining claims and a minimum of \$966,000 and up to \$2,016,000 in working capital. Total issued and outstanding shares of

the resulting issuer will equal a minimum of 17,487,500 and up to 24,737,500 after giving effect to the Offering.

Board of Directors and Management of the Resulting Issuer

Concurrent with the completion of the Proposed Acquisition, it is contemplated that three of the five existing directors and all of the officers of Prelim will resign and the board of the resulting issuer will be comprised of two current Prelim directors and three (3) nominees from HRM as follows:

James S. Borland and Elaine Ellingham will remain as directors and will be joined by the following current directors and officers of HRM:

Stephen Balch, B.Sc., President, CEO and a director of HRM. Mr. Balch, age 48, has 25 years experience in mineral exploration as an exploration geophysicist and is considered one of Canada's leading experts on geophysical techniques used to identify nickel-copper sulphide and platinum-group-metal targets. He has extensive experience with Inco, Falconbridge, Anglo American and FNX Mining. He was President of Aeroquest Limited which was instrumental in the development of the AeroTEM airborne EM system which is particularly effective in detecting hidden mineral deposits. Mr. Balch will serve as President, CEO and a Director of the resulting issuer.

Morley Salmon, B.A. Hon, B.Ed., is currently a director of HRM. Mr. Salmon, age 55, is a seasoned capital market professional with over 25 years experience and is a founder of CANUSA Capital Corp., now operating as Bloom Burton & Co. Inc. Mr. Salmon has been a director of a number of private and public companies during his professional career. Mr. Salmon is currently the Chairman of the Exempt Market Dealers Association of Canada and serves on a number of capital market committees including the OSC Small Business Advisory Committee, the OSC Registration Advisory Committee and the TSXV Ontario Local Advisory Committee. Mr. Salmon will serve as a Director of the resulting issuer.

Brian Prill, BA, MBA/LLB, LL.M., is currently Corporate Secretary and a director of HRM. Mr. Prill, age 58, has 20 years experience as a businessman and entrepreneur and currently practices corporate and securities law with a particular focus on corporate governance, capital financings through private placement and prospectus offerings, securities law compliance and mergers and acquisitions. Mr. Prill is President of the EMDA and serves on several committees of the Ontario Bar Association including the Business Law Executive, the Natural Resources Executive and the Securities Law Sub-Committee. Mr. Prill will serve as Corporate Secretary and a Director of the resulting issuer.

James S. Borland, President, CEO and a director of Prelim. Mr. Borland, age 58, is President of Borland, Levand & Associates, a firm that provides management services to clients in the mineral resources sector which have included TSX-listed companies Blue Pearl

Mining Ltd. (now Thompson Creek Metals Company Inc.), Glencairn Gold Corporation (now B2Gold Corp.) and Anvil Mining Limited, all listed on the Toronto Stock Exchange. Previously, from 1998 until 2001, he was Manager of Research Communications for BMO Nesbitt Burns Inc. Prior to joining BMO Nesbitt Burns, Mr. Borland was Vice President, Investor Relations, for Boliden Ltd., a fully integrated producer of copper, zinc and lead. As well as serving as President, CEO and a director of Prelim, Mr. Borland is currently President, CEO and a director of Strait Gold Corporation, which is listed on the Exchange, and a director of Toronto Stock Exchange-listed Acadian Mining Corporation. Mr. Borland will serve as a Director of the resulting issuer.

Elaine Ellingham, P.Geo., is currently a director of Prelim. Ms. Ellingham, age 51, is proprietor of Ellingham Consulting Ltd. a company which provides consulting services relating to corporate transactions, initial public offerings, listing, financing, mineral property acquisitions and divestitures. Ms. Ellingham was employed by the Toronto Stock Exchange from 1997 to 2005, as a Manager, Company Listings and then as National Leader, Mining and Regional Manager, British Columbia. Prior to joining the TSX, Ms. Ellingham had 16 years of mining industry experience ranging from mineral exploration to corporate development and investor relations for companies including Campbell Resources Inc., Rio Algom Exploration Inc. and Aurogin Resources Ltd. Ms. Ellingham received her Bachelor of Science in Geology from the University of Toronto in 1980, a Master of Science in Geology in 1985 and an M.B.A. in 1994. Ms. Ellingham is a director of Continental Nickel Limited, which is listed on the Exchange. Ms. Ellingham will serve as a Director of the resulting issuer.

Graham Desson, CA. Mr. Desson, age 62, graduated with a Bachelor of Laws degree from St. Andrews University in Scotland in 1968 and received his Chartered Accountant designation in Scotland in 1971. He received his Chartered Accountant designation in Ontario in 1973. Mr. Desson served in various capacities with Slater Industries, a specialty steel manufacturer, in the 1980s and early 1990s before establishing his own consultancy. Since then he has served as Chief Financial Officer, Director of Treasury and Compliance and as a Corporate Controller for several public companies listed on the Toronto and New York stock exchanges and on NASDAQ. Mr. Desson was a consultant to the CFO of OntZinc Corporation during its acquisition of Hudson Bay Mining & Smelting. He is currently CFO for Strait Gold Corporation, a mineral exploration company listed on the Exchange. Mr. Desson will serve as CFO of the resulting issuer.

6. The report is not being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102.
7. No information has been omitted because it is believed it should remain confidential.
8. Mr. James Borland, President and a director, may be contacted at 416 214-5858 concerning this report.

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

DATED at Toronto, Ontario this 7th day of October, 2009.

PRELIM CAPITAL INC.

“William R. Johnstone”

Per: _____
WILLIAM R. JOHNSTONE
Corporate Secretary