Form 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 Reporting Issuer

Preo Software Inc. ("Preo")
202, 3553 – 31 Street N.W.
Calgary, Alberta T2L 2K7

ITEM 2 Date of Material Change

January 28, 2009

ITEM 3 News Release

A press release setting out information relating to the material change described herein was issued by Preo on January 28, 2009 and was disseminated through the facilities of Marketwire.

ITEM 4 Summary of Material Change

Preo announced: (i) closing of a private placement of debentures announced on December 29, 2008; (ii) the appointment of an additional director; (iii) the appointment of a corporate secretary; and (iv) the grant of incentive stock options.

ITEM 5 Full Description of Material Change

See the press release attached hereto as Schedule "A".

ITEM 6 Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable

ITEM 7 Omitted Information

Not Applicable

ITEM 8 Executive Officer

Karim Teja, CFO
Tel: (403) 265-0556

ITEM 9 Date of Report

January 29, 2009

Schedule "A"

PRESS RELEASE

PREO SOFTWARE INC.

Closing of Private Placement of Debentures $500,000

Appointment of Mike Cabigon as Director

Appointment of Ashif Merani as Corporate Secretary

Grant of Stock Options

CALGARY, ALBERTA – January 28, 2009 **PREO SOFTWARE INC**. (the "Corporation") (CNSX trading symbol "PKM"). The Corporation is pleased to announce that the previously announced financing has been fully subscribed.

The Corporation raised $500,000 from a non-brokered private placement of secured, subordinated convertible debentures. The debentures will not bear interest, will be for a term of thirty (30) months and may at the option of the holder be converted at a conversion price of $0.14 into one (1) common share and one (1) non-transferrable warrant. Each warrant will entitle the holder to purchase one (1) additional common share at a purchase price of $0.225 for a period of twelve (12) months from the date of issuance of the debentures and at a purchase price of $0.30 for an additional twelve (12) months thereafter. The debentures shall be automatically converted under the terms described above in the event that the volume weighted trading price of an average of not less than 10,000 common shares per trading day for twenty (20) consecutive trading days is above $0.20 on the facilities of the CNSX Exchange.

Any common shares issued upon conversion of the debentures or exercise of the warrants will be subject to a four (4) month hold period from the date of issuance of the debentures in accordance with applicable securities legislation.

The net proceeds from the issuance of debentures will be used to fund the Corporation's marketing, sales and commercialization activities. The Corporation is continuing its commercialization activities including identifying sales prospects and channel distributors, delivering presentations and negotiating proposals for testing and trials of its proprietary software to potential licencees that includes Fortune 5000 companies in the technology, manufacturing, services and health-care sectors.

“To have this non-brokered offering fully subscribed in a matter of a few weeks despite the very challenging market conditions is a testament to the opportunity our investors believe they have at Preo. Our product is getting increased attention in these challenging economic times as we very effectively and significantly reduce print costs - one of the largest uncontrolled expenditures in most organizations”, said Gary McCone, Preo’s President and CEO.

Additionally, the Corporation is pleased to announce that Mike Cabigon has been appointed to the board of directors. Mr. Cabigon has been the General Manager of Foundation Equity Corporation ("Foundation") since 2008. Foundation is a venture capital firm based in St. Albert, Alberta with current deployed capital of $50 million in a broad range of business sectors, including emerging technologies. Mr. Cabigon is responsible for Foundation's short and long-term investment initiatives and actively works with portfolio management teams to develop strategic, financing and operations plans. From 2006 to 2008, Mr. Cabigon was Vice President and General Manager of Persona Communications Corp., at the time Canada's 5th largest cable and Internet provider. Mr. Cabigon held senior management positions with Epcor Utilities Inc., including the position of the Director of Strategic Operations from 2005 to 2006, where he was responsible for evaluating potential energy generation projects, emerging technologies and divestiture opportunities. Mr. Cabigon holds a Bachelor of Commerce degree from the University of Alberta.

The Corporation is also pleased to announce that Ashif Merani, Barrister & Solicitor has been appointed as corporate secretary. Mr. Merani is a corporate and securities lawyer and is the founder of the law firm Merani Reimer LLP.

The Corporation has granted 415,000 incentive stock options to officers and consultants at an exercise price of

$0.14. The grant of stock options is subject to approval of the Canadian National Stock Exchange (CNSX) and all applicable securities laws.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy the securities of the Corporation in any jurisdiction, including the United States, or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption therefrom, nor shall there be any sale of such securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state. Such securities have not been and will not be registered under the U.S. Securities Act, 1933, as amended, and subject to certain exemptions may not be offered or sold in the United States or to U.S. persons.

FORWARD-LOOKING STATEMENTS

Statements set out in this news release that are not historical facts are forward-looking statements. Forward-looking statements (often, but not always, identified by the use of words such as "expect", "may", "could", "anticipate" or "will" and similar expressions) may include expectations, opinions or guidance that are not statements of fact. Forward-looking statements are based upon the opinions, expectations and estimates of management of the Corporation as at the date statements are made and are subject to a variety of known and unknown risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. Those factors include, but are not limited to, risks, uncertainties and other factors that are beyond the control of the Corporation. In light of the risks and uncertainties associated with forward-looking statements, readers are cautioned not to place undue reliance upon forward-looking information contained in this news release. Assumptions relating to certain forward-looking information contained in this news release are set out above in this news release. Although the Corporation believes that the expectations reflected in the forward-looking statements set out in this news release are reasonably, it can give no assurance that such expectations will prove to have been correct. The forward-looking statements of the Corporation contained in this news release are expressly qualified, in their entirety, by this cautionary statement. The forward-looking statements are made as of the date of this news release and The Corporation assumes no obligation to update or revise them to reflect new events or circumstances, except as expressly required by applicable securities law. Further information regarding risks and uncertainties relating to the Corporation and its securities can be found in the disclosure documents filed by the Corporation with the securities regulatory authorities (including the joint information circular and proxy statement of the Corporation and CDG dated June 23, 2008, which was filed on SEDAR on June 27, 2008), available at www.sedar.com.

The Canadian National Stock Exchange (CNSX) has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.

For further information please contact:

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