

Form 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 Reporting Issuer

Preo Software Inc. ("Preo")
Suite #300, 3553 – 31st Street N.W.
Calgary, Alberta T2L 2K7

ITEM 2 Date of Material Change

March 28, 2011

ITEM 3 News Release

A press release setting out information relating to the material change described herein was issued by Preo on March 28, 2011 and disseminated through the facilities of Marketwire, Inc.

ITEM 4 Summary of Material Change

Preoannounced that the second tranche of the Corporation's previously announced private placement of convertible debentures was completed for gross aggregate proceeds of \$480,000.

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

Gary McCone, President
Tel: (403) 265-0556/3258

ITEM 9 Date of Report

March 28, 2011

Schedule "A"

PRESS RELEASE

PREO SOFTWARE INC. ANNOUNCES COMPLETION OF SECOND TRANCHE OF PRIVATE PLACEMENT OF DEBENTURES

CALGARY, ALBERTA – March 28, 2011 - **PREO SOFTWARE INC.** (the "Corporation") (TSX-V: PKM) is pleased to announce that the second tranche of the Corporation's previously announced private placement of convertible debentures (the "Debentures") has been completed for gross proceeds of \$480,000. To date, the Corporation has secured an aggregate of \$1,120,000 from the issuance of Debentures. The private placements have been completed through a syndicate of agents led by Notre-Dame Capital Inc. and including MGI Securities Inc. (the "Agents").

The Debentures mature February 24, 2013, will bear interest at a rate of 10% per annum payable on a quarterly basis and in the event of a default for payment of interest for more than thirty (30) days, the rate of interest shall be increased to 20% per annum until the default has been rectified. The outstanding principal under the Debentures may, at the option of the holders, be converted into common shares of the Corporation ("Common Shares") at a conversion price of \$0.40 per share. The Debentures shall be automatically converted into Common Shares at a conversion price of \$0.40 in the event that the Common Shares trade at not less than \$0.60 per share for a minimum of 30 consecutive trading days on the facilities of the TSX Venture Exchange (the "Exchange").

In connection with the second closing of the private placement, the Corporation paid the Agents a cash commission of 8% or \$38,400 and issued 96,000 options representing 8% of the number of Common Shares issuable assuming conversion of all of the Debentures issued under the second closing of the private placement. Each Agent's option will entitle the holder thereof to purchase a Common Share at a price of \$0.40 per share for a period of 2 years from closing.

The net proceeds from the private placement will be used for general working capital purposes. The Debentures and the Common Shares issuable thereunder will be subject to a 4 month hold period under applicable securities laws. The private placement remains subject to the approval of the Exchange.

The Corporation further announces that it intends to complete an additional private placement (the "Additional Offering") of convertible debentures under terms identical to the Debentures. The Additional Offering will also be conducted by the Agents under the same compensation terms as the offering of Debentures. The Additional Offering is subject to the approval of the Exchange.

About Preo™ Software

Preo Software Inc. is the market leader in providing Print Knowledge Management Systems (PKMS) to enterprises and select OEM's around the world. Printelligence™, the company's award winning SaaS (Software as a Service) offering, empowers users to optimize their print assets and reduce print volumes yielding significant cost savings and a smaller environmental footprint. Preo customers have achieved significant cost reductions through the deployment of Printelligence's patented PKMS Rules Engine, which allows managers to monitor, advise and/or control the print function in their organization.

For further information please contact:

Preo Software Inc.
Karim Teja
T: (403) 265-0556 x3259
F: (403) 210-8299a
E-mail: karim.teja@preosoftware.com
Website: www.preosoftware.com

Reader Advisory

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to, the anticipated closing date of the private placement and the use of the net proceeds of the private placement. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, governmental regulation, including environmental regulation; unanticipated operating events or performance; failure to obtain industry partner and other third party consents and approvals, if and when required; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; competition for, among other things, capital, skilled personnel and supplies; changes in tax laws; and the other risk factors disclosed under our profile on SEDAR at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state of the United States or any other jurisdiction outside of Canada in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the U.S. Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933 and applicable state securities laws.