Form 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Corporation**

Xebec Adsorption Inc. (the "**Corporation**" or "**Xebec**")
730 Industriel Blvd.
Blainville, Quebec J7C 3V4
Canada

2. **Date of Material Change**

October 25, 2010 and November 2, 2010

3. **News Release**

The news releases (the "**News Release**") reporting the material change were issued on October 25, 2010 and November 2, 2010 through Canada News Wire Service.

4. **Summary of Material change**

Xebec completed on November 2, 2010 a private placement ("**Offering**") of units (the "**Units**") at a price of $0.40 per Unit for gross proceeds of $3,796,754.

5. **Full Description of Material Change**

Xebec completed on November 2, 2010 a private placement announced on October 25, 2010 to raise approximately $3,796,754 through the issuance of 9,491,886 Units at a price of $0.40 per Unit.

Each Unit issued under the Offering consists of one common share (the "**Common Shares**") and one warrant (the "**Warrants**"). Each Warrant entitles the holder thereof to purchase one additional Common Share from treasury at an exercise price of $0.45 for a period of 60 months from closing. The Warrants are subject to an accelerated expiry if, at any time after December 31, 2010, the published closing trade price of the Common Shares on the Toronto Stock Exchange ("**TSX**") is equal or superior to $0.75 for any 20 consecutive trading days, in which event Xebec may give the holder a written notice that the Warrants will expire at 5:00 p.m. (Toronto Time) on the 30th day from the receipt of such notice.

The private placement was made on a best efforts basis through Laurentian Bank Securities Inc. and Canaccord Genuity Corp. as agents (the "**Agents**"). The Units were issued to accredited investors under an exemption from the prospectus requirements in the applicable provinces of Canada and on a private placement basis in certain jurisdictions outside of Canada. The Agents received a commission relating to the Offering in the form of an aggregate of 600,000 Units. As additional consideration for the Agents' services rendered in connection with the Offering, the Agents were granted nontransferable options to purchase 566,250 Common Shares at an exercise price of $0.40 per Common Share for a period of eighteen months following the date of closing of the Offering.

The proceeds of the Offering will be used by Xebec for working capital and general corporate purposes.

The Units issued under the Offering were offered at a price of $0.40 per Unit, which represents a discount of approximately 7.3% to the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the initial announcement of the Offering (October 18 to October 22, 2010).

Special Situations Fund (the "**Funds**"), a group of funds advised by AWM Investment Company, Inc., were, prior to the completion of the Offering, the direct and indirect holders of 8,244,900 Common Shares representing approximately 23.5% of the 35,106,230 issued and outstanding Common Shares prior to the completion of the Offering and therefore is an insider of Xebec. The Funds purchased 2,500,000 Units pursuant to the Offering, which together with the Warrants underlying the Units represent 14.2% of the issued and outstanding Common Shares prior to completion of the Offering. Following completion of the Offering, the Funds beneficially own, or exercise control or direction over, directly or indirectly, 10,744,900 Common Shares representing approximately 23.8% of the issued and outstanding Common Shares (on a non-diluted basis) and, assuming the exercise of all Warrants and Compensation Options issued under the Offering, 13,244,900 Common Shares, representing approximately 23.7% of the issued and outstanding Common Shares following completion of the Offering.

In addition, John Shakeshaft, a director of Xebec and therefore an insider of Xebec, has purchased 50,000 Units for an aggregate subscription price of $20,000. Mr. Shakeshaft beneficially owned 51,600 Common Shares representing 0.15% of the issued and outstanding Common Shares prior to the completion of the Offering. Following completion of the Offering, Mr. Shakeshaft beneficially owns 101,600 Common Shares representing 0.23% of the issued and outstanding Common Shares following completion of the Offering. Following completion of the Offering and assuming the exercise of all Warrants and Compensation Options issued under the Offering, Mr. Shakeshaft beneficially owns 151,600 Common Shares representing 0.27% of the issued and outstanding Common Shares following completion of the Offering.

The number of Common Shares issued pursuant to the Offering was in excess of 59.1% of the 35,106,230 Common Shares issued and outstanding prior to the completion of the Offering. Details of the same are set forth below:

Common Shares Issuable Pursuant to the Offering (including 600,000 Common Shares issuable to the Agents): 10,091,886

Common Shares Issuable Pursuant to the Exercise of Warrants (including 600,000 Warrants issuable to the Agents): 10,091,886

Common Shares Issuable Pursuant to the Exercise of the Compensation Options: 566,250

Total: 20,750,022

Percentage of the Offering over the issued and outstanding Common Shares prior to the completion of the Offering: 59.1%

Given that: (a) the Offering resulted in the issuance of a number of Common Shares greater than 25% of the issued and outstanding Common Shares prior to the completion of the Offering (on a non-diluted basis) and the Common Shares were issued at a discount to market price; (b) the Funds subscribed to Units which, including the Common Shares underlying the Units and the Common Shares issuable upon exercise of the Warrants, exceed 10% of the issued and outstanding Common Shares prior to completion of the Offering, on a non-diluted basis; and (c) the exercise price of the Compensation Options is less than the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the initial announcement of the Offering (October 18 to October 22, 2010), the Offering required the approval of the shareholders of Xebec under the rules of the TSX. In accordance with Subsection 604(d) of the TSX Company Manual, Xebec obtained such approval by way of written consent of Xebec's disinterested shareholders representing approximately 61% of its Common Shares, excluding the Common Shares held by insiders participating in the Offering.

Following the completion of the Offering, Xebec has 45,198,116 Common Shares issued and outstanding.

Kurt Sorschak, a director, President and Chief Executive Officer of the Company, beneficially owns, or exercises control or direction over, 13,757,778 Common Shares (including 5,834,249 Common Shares held in escrow and subject to vesting criteria) representing approximately 39.2% of the issued and outstanding Common Shares of Xebec prior to the completion of the Offering. Following the completion of the Private Placement, the 13,757,778 Common Shares beneficially owned or controlled by Mr. Sorschak represent approximately 30.4% of the issued and outstanding Common Shares of the Company. Following the completion of the Private Placement and assuming the exercise of all Warrants and Compensation Options issued under the Offering, the 13,757,778 beneficially owned or controlled by Mr. Sorschak represent approximately 24.6% of the issued and outstanding Common Shares of the Company.

All of the securities issued pursuant to the Offering are subject to a hold period expiring four months and a day after the closing date.

The Offering constitutes a "related party transaction" for the purposes of *Multilateral Instrument 61-101 – Protection of Minority Securityholders in Special Transactions* ("**MI 61-101**"). Xebec is relying on the exemptions from the formal valuation and minority approval requirements of MI 61-101 applicable to related party transactions set forth at Sections 5.5(a) and 5.7(a) of MI 61-101 on the basis that the fair market value of the transaction, insofar as it involves interested parties and determined in accordance with

MI 61-101, does not exceed 25% of the market capitalization of Xebec determined in accordance with MI 61-101.

The Board of Directors of the Corporation unanimously approved the terms of the Offering and the relevant transaction agreements. As part of the Offering, subscription agreements were entered into with the subscribers, including the Special Situations Funds, and an Agency Agreement was entered into between the Corporation and the Agents. The Warrants were issued pursuant to a Warrant Indenture dated November 2, 2010 between the Corporation and Computershare Trust Company of Canada.

This material change report is not being filed 21 days in advance of the closing of the Offering for the purposes of Section 5.2(2) of MI 61-101 on the basis that the subscriptions under the Offering would not have been available to the Corporation for a period of 21 days. Therefore, the Offering was initially announced on October 25, 2010 and was completed on November 2, 2010.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102

This report is not being filed on a confidential basis.

7. Omitted Information

Not Applicable.

8. Executive Officer

Mr. Kurt Sorschak
President and Chief Executive Officer
Tel: 450-979-8701

9. Date of Report

November 4, 2010