**FORM 51-102F3**
**Material Change Report**

**MATERIAL CHANGE REPORT UNDER SECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT NO. 51-102**

**Item 1.** **Reporting Issuer**

Northquest Ltd. (the "Company")
133 Richmond Street West
Suite 501
Toronto, Ontario
M5H 2L3

**Item 2.** **Date of Material Change**

A material change took place on December 22, 2010.

**Item 3.** **Press Release**

On December 22, 2010, a news release in respect of the material change was disseminated.

**Item 4.** **Summary of Material Change**

The Company announced that it has completed a non-brokered private placement pursuant to which it has issued an aggregate of (i) 2,089,998 units ("Units") at a price of $0.70 per Unit to raise aggregate gross proceeds of approximately $1,463,000; and (ii) 2,105,263 "flow through" units at a price of $0.95 per "flow through" unit to raise additional aggregate gross proceeds of approximately $2,000,000. All of the securities issued and issuable in connection with the financing have a hold period expiring April 23, 2011. The financing is subject to the terms and conditions of subscription agreements entered into between the Company and each of the subscribers in the financing.

Pursuant to the financing, Mr. Wayne Beach subscribed for an aggregate of 214,285 Units at a price of $0.70 per Unit. Mr. Beach is an insider of the Company. As of December 22, 2010 immediately prior to the closing of the financing, Mr. Beach held an aggregate of 2,116,000 common shares of the Company and convertible securities entitling Mr. Beach to acquire an additional 1,570,000 common shares of the Company, representing approximately 12.3% of the issued and outstanding shares of the Company (or approximately 19.6% on a partially diluted basis, assuming exercise of the convertible securities only). Following the closing of the financing, Mr. Beach holds an aggregate of 2,330,285 common shares of the Company and convertible securities entitling Mr. Beach to acquire an additional 1,677,142 common shares of the Company, representing approximately 10.9% of the issued and outstanding shares of the Company post-closing (and approximately 17.3% on a partially diluted basis, assuming exercise of the convertible securities only).

The financing was approved by the board of directors pursuant to directors' resolutions dated December 20 22, 2010. The transaction is exempt from the formal valuation and minority shareholder approval requirements of applicable securities laws as at the time the financing was agreed to, neither the fair market value of the subject matter of, or the fair market value of the consideration for, the financing insofar as it involves interested parties, exceeded 25% of the Company's market capitalization.

The financing was completed to raise proceeds to fund general corporate and acquisition activities and mineral exploration activities of the Company. A material change report is being filed in connection with the insider participation in the financing less than 21 days in advance of closing of the financing, as the Company did not have prior confirmation of such participation.

The private placement remains subject to final regulatory approval.

**Item 5.** **Full Description of Material Change**

The material change is described in the Company's press release attached hereto as Schedule "A", which press release is incorporated by reference herein.

**Item 6.** **Reliance on subsection 7.1(2) of National Instrument 51-102**

The report is not being filed on a confidential basis.

**Item 7.** **Omitted Information**

No information has been omitted.

**Item 8.** **Executive Officer**

Jon North, President and Chief Executive Officer

(416) 786-6348

**Item 9.** **Date of Report**

DATED at Toronto, in the Province of Ontario, this 22nd day of December, 2010.

**SCHEDULE "A"**

**NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE U.S.**

# Northquest Ltd. Announces Closing of Private Placement to Raise $3,463,000

**Toronto, Ontario December 22, 2010**. Northquest Ltd. (TSX-V:NQ) ("Northquest") is pleased to announce that it has closed its previously announced non-brokered private placement (the "Private Placement") pursuant to which it issued an aggregate of (i) 2,089,998 units ("Units") at a price of $0.70 per Unit to raise aggregate gross proceeds of approximately $1,463,000; and (ii) 2,105,263 "flow through" units ("FT Units") at a price of $0.95 per FT Unit to raise additional aggregate gross proceeds of approximately $2,000,000. Each Unit consists of one common share of Northquest and one-half of one share purchase warrant, each whole such share purchase warrant entitling the holder thereof to acquire one additional common share of Northquest for a period of 24 months at an exercise price of $1.00 per share. Each FT Unit consists of one "flow through" common share of Northquest and one-half of one share purchase warrant, each whole such share purchase warrant entitling the holder thereof to acquire one additional common share of Northquest (which shall not be a "flow through share") for a period of 24 months at an exercise price of $2.25 per share. Insiders of Northquest subscribed for an aggregate of 214,285 Units in the Private Placement. All of the FT Units issued in connection with the Private Placement were purchased by funds controlled by the MineralFields Group.

"We are very pleased to be commencing its relationship with MineralFields Group", said Jon North, President and Chief Executive Officer of Northquest. "This is an important milestone in the growth of Northquest and we look forward to working with MineralFields Group as we develop our mineral property interests."

A finder's fee equal to 5% of the gross proceeds from the sale of the FT Units was paid in connection with the sale of the FT Units, and a finder's fee was also paid to an eligible finder in an amount equal to 6% of the gross proceeds raised from the sale of the Units by such finder. In addition, an aggregate of 71,828 broker warrants were issued to an eligible finder, each entitling it to acquire one common share of Northquest at a price of $0.70 per share for a period of 24 months.

All securities issued in connection with the Private Placement are subject to a statutory hold period expiring on April 23, 2011. The Private Placement remains subject to the approval of the TSX Venture Exchange.

For further information please contact:

Jon North, President and Chief Executive Officer
(416) 786-6348

About MineralFields, Pathway and First Canadian Securities ®

MineralFields Group (a division of Pathway Asset Management), based in Toronto, Montreal, Vancouver and Calgary, is a mining fund with significant assets under administration that offers its tax-advantaged super flow-through limited partnerships to investors throughout Canada as well as hard-dollar resource limited partnerships to investors throughout the world. Pathway Asset Management also specializes in the manufacturing and distribution of structured products and mutual funds (including the Pathway Multi Series Funds Inc. corporate-class mutual fund series). Information about MineralFields Group is available at www.mineralfields.com. First Canadian Securities ® (a division of Limited Market Dealer Inc.) is active in leading resource financings (both flow-through and hard dollar PIPE financings) on competitive, effective and service-friendly terms, and offers investment banking, mergers and acquisitions, and mining industry consulting, services to resource companies. MineralFields and Pathway have financed several hundred mining and oil and gas exploration companies to date through First Canadian Securities ®.



*Forward Looking Statements – Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of Northquest, including, but not limited to the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, dependence upon regulatory approvals, and the availability of financing. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.*