

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Issuer:

Foremost Industries Income Fund (the "Fund")
1225 - 64 Avenue N.E.
Calgary, Alberta
T2E 8P9

2. Date of Material Change:

December 28, 2005

3. News Release:

A press release was issued on December 29, 2005 through the facilities of CCN Matthews.

4. Summary of Material Change:

On December 28, 2005, unitholders of the Fund voted in favour of the previously announced reorganization (the "Reorganization") of the Fund at a special meeting held for that purpose and the Fund completed the Reorganization. Pursuant to the Reorganization, the existing assets and business operations conducted by the subsidiary entities of the Fund were indirectly acquired by Foremost Income Fund ("New Fund"), a new, publicly-traded income fund.

5. Full Description of Material Change:

Please see the press release attached as Schedule "A" for a full description of the material change.

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

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

The name and business number of the executive officer of the Fund who is knowledgeable of the material change and this report is:

Craig Bell, Secretary
Telephone: (403) 571-4464

9. Date of the Report:

December 29, 2005.