

MATERIAL CHANGE REPORT

1. Reporting Issuer:

Semi-Tech Corporation
2800 14th Avenue
Suite 511
Markham, Ontario
L3R 0E4

2. Date of Material Changes:

May 20, 1999

3. Press Release:

Press release in respect of the material changes were issued on May 20, 1999.

4. Summary of Material Changes:

Semi-Tech Corporation (the "Corporation") has received a notice of default on behalf of certain holders of the Corporation's senior secured discount notes due 2003 (the "Notes") alleging certain violations of covenants contained in the trust indenture made between the Corporation and Banker Trust Company (the "Trustee") dated as of August 18, 1993 (the "Indenture") relating to the issue of the Notes.

5. Full Description of Material Changes:

On May 20, 1999, the Corporation received a notice of default which was purported to have been executed by the holders of more than 25% of the outstanding principal amount of the Notes. The notice alleges certain covenant violations, which appear to be essentially the same as those which were alleged in the application brought by Enterprise Canada Corporation under the Corporation's *Creditors Arrangement Act* brought against the Corporation in January, 1999. The CCAA Application was dismissed by the Ontario Supreme Court of Justice in a decision issued on May 5, 1999.

The notice was provided to the Corporation and the Trustee as "Notice of Default" pursuant to s.501(10) of the Indenture and required that the alleged breaches referred to therein be remedied within 60 days of the giving of such notice.

The Corporation believes that no event of default has occurred under the Indenture and is reviewing the notice of default and considering what, if any, action is required on its part at this time.

6. Senior Officer:

For further information, contact Dr. Frank E. Holmes, Executive Vice President, (905) 479-5049.

7. Statement of Senior Officer:

The foregoing accurately discloses the material changes referred to herein.

DATED at Toronto, Ontario, this 31st day of May, 1999.

(Signed) Dr. Frank E. Holmes

Dr. Frank E. Holmes, Executive Vice President