MATERIAL CHANGE REPORT
FORM 27
***SECURITIES ACT* (NOVA SCOTIA) AND (ONTARIO)**

Material Change Report under Section 81(2) of the *Securities Act* (Nova Scotia) and Section 75(2) of the *Securities Act* (Ontario)

1. Reporting Issuer:

   ITI Education Corporation
   Purdy's Wharf Tower Two
   1969 Upper Water Street,19th Floor
   Halifax, Nova Scotia, B3J 3L1

2. Date of Material Change:

   July 31, 2001

3. Press Release:

   The Press Release describing the material change referred to herein was released on July 31, 2001 and filed by ITI on SEDAR.

4. Summary of Material Change:

   ITI Education Corporation ("ITI") has decided to wind down its money losing US schools in order to focus on its profitable Canadian operations.

5. Full description of the Material Change:

   ITI Education Corporation announced that it has decided to teach out the current students in its US schools and not enroll new students in order to focus on its profitable Canadian operations. ITI will fulfill the remaining obligations to current U.S. students, while focussing strategically on the profitable Canadian operations. The three U.S. schools are located in Denver, Colorado; Portland, Oregon; and Bellevue, Washington.

   ITI offered study at its Canadian schools to students previously scheduled to begin study at the U.S. schools in August 2001. ITI has reduced its staff of instructors as required to complete the teaching obligations to students in the U.S. schools over the next six months.

   In spite of the problems facing the technology sector, the demand for ITI graduates, who are placed across a broad spectrum of new and old economy employers, remains strong.

The decision to wind down the three schools was made as financial results for the second fiscal quarter ended June 30, 2001 were approved. In the process, ITI will take a one-time restructuring and asset impairment charge of $15.7 million in the second quarter. Tuition revenue for the second quarter of fiscal 2001 increased 17 percent to $13.5 million, up from $11.5 million for the second quarter of last year. Revenue from Canadian schools accounts for 69 percent of total revenue, or $9.3 million. The total student population at June 2001 decreased slightly to 1,325 from 1,330 in the prior year.

The contribution from schools for the second quarter ending June 2001 increased 75 percent to $1.5 million from $869,000 in June 2000. The year to date contribution from schools increased 62 percent to $3.7 million compared to $2.3 million for the same period in 2000. Of the $3.7 million contribution year to date, the Canadian school's contribution was a total of $4.9 million and the US school's was a loss of $1.2 million. Total corporate overhead and curriculum development costs decreased by 52% in the second quarter of 2001 compared to the same period in 2000, from $4.7 million to $2.3 million. Corporate overhead costs continue to decline month over month. Before restructuring charges, corporate overhead costs in 2001 were $880,000, $752,000 and $609,000 in April, May and June respectively.

The consolidated net loss, before investment income, depreciation, amortization and the one time restructuring charge, for the second quarter of fiscal 2001 decreased 81 percent to $751,000 from a consolidated net loss of $3,871,000 over the same quarter last year. The loss per common share for the second quarter of fiscal 2001, including the one-time restructuring charge was $1.51 compared with a loss per common share of $0.40 for the second quarter of last year. The loss per common share in the second quarter includes the impact of the one-time restructuring charge of $1.29 per share. The weighted average number of common shares outstanding was 12,130,995 and 11,815,662 in the second quarters of fiscal 2001 and 2000 respectively.

ITI Education Corporation, through ITI Information Technology Institute, is a North American leader in e-business education. ITI transforms university graduates from a wide range of disciplines into expert learners ready to excel in the business world. ITI achieves this transformation with a market-driven curriculum incorporating business application development, professional development, communication and interpersonal skills applied in a collaborative, team-based learning environment. ITI is publicly traded on the Toronto Stock Exchange (TSE:ITK).

6. Reliance on Section 81(3) of the *Securities Act* (Nova Scotia) and Section 75(3) of the *Securities Act* (Ontario):

   N/A

7. Omitted Information:

   N/A

8. Senior Officers:

For more information contact:

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Halifax, NS B3J 3L1
Phone: (902) 492-2388

9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

DATED at Halifax, Nova Scotia this 8th day of August, 2001.

ITI EDUCATION CORPORATION

Per: [signed] "Vicki C. Dimick"
Vicki C. Dimick, EVP Finance

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