

TONKO DEVELOPMENT CORP.

MATERIAL CHANGE REPORT

Section 118(1) of the *Securities Act* (Alberta)
Section 75(2) of the *Securities Act* (Ontario)
Section 73 of the *Securities Act* (Québec)

Item 1. Reporting Issuer:

The name and address of the reporting issuer is Tonko Development Corp. ("Tonko"), with its principal office at 600, 999 – 8th Street S.W., Calgary, Alberta, T2R 1J5 and its registered office at Suite 3300, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

Item 2. Date of Material Change:

The material change occurred on December 3, 2001.

Item 3. News Release:

A press release reporting the material change was issued on December 3, 2001 through BCE Emergis Inc.

Item 4. Summary of Material Change:

Tonko withdraws substantial issuer bid.

Item 5. Full Description of Material Change:

Tonko announced that it is withdrawing its substantial issuer bid to acquire up to 2,160,000 of its common shares for \$3.50 per share. Any shares that have been tendered to the substantial issuer bid will be returned to shareholders forthwith.

As announced on November 29, 2001, Tonko is commencing a shareholder value maximization process with a view of identifying a proposal superior to the \$3.75 per share offer by SeaCliff Investments Limited dated November 30, 2001. The Tonko special committee has retained TD Securities Inc. and Griffiths McBurney & Partners as financial advisors to assist in this regard.

Shareholders should watch for further announcements over the next several weeks.

Item 6. Reliance on Section 118(2) of the Securities Act:

Not Applicable

Item 7. Omitted Information:

Not Applicable

Item 8. Senior Officers:

Jeffrey D. Kohn, Chairman
Telephone: (403) 245-4447

Item 9. Statement of Senior Officer:

The foregoing accurately discloses the material changes referred to herein.

DATED December 13, 2001 at Calgary, Alberta.

TONKO DEVELOPMENT CORP.

By: “Andrew D. Grasby”
Andrew D. Grasby,
Corporate Secretary

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