

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Knighthawk Inc.
160 Eglinton Ave. East, #601
Toronto, Ontario M4P 3B5

Item 2 Date of Material Change

August 4, 2004

Item 3 News Release

A news release was issued at August 4, 2004. A copy of the news release is attached hereto as Schedule "A".

Item 4 Summary of Material Change

KnightHawk Inc. announced today that it has received notice from its primary air cargo customer of the cancellation of the Ottawa-Hamilton-Ottawa route, effective August 9, 2004. KnightHawk was advised by its customer that the reason for the cancellation was not service related, but due to the customer's ability to ship its cargo via container at substantially lower costs.

Item 5 Full Description of Material Change

KnightHawk Inc. announced today that it has received notice from its primary air cargo customer of the cancellation of the Ottawa-Hamilton-Ottawa route, effective August 9, 2004. KnightHawk was advised by its customer that the reason for the cancellation was not service related, but due to the customer's ability to ship its cargo via container at substantially lower costs.

The customer indicated that it does not intend to alter its arrangements with KnightHawk and no other routes are affected by this announcement.

The lost revenue amounts to approximately 6% of the Company's total revenues. The company will be taking aggressive steps to replace this lost revenue and to reduce its costs to minimize the effects on profitability.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact Tom Rothfels, President and Chief Executive Officer, at the above address or by calling (416) 932-1649 or by e-mail at trothfels@knighthawk.ca

Item 9 Date of Report

August 11, 2004

SCHEDULE "A"

NEWS RELEASE



KnightHawk Announces Cancellation of Route

Toronto, ON – August 4, 2004 KnightHawk Inc. announced today that it has received notice from its primary air cargo customer of the cancellation of the Ottawa-Hamilton-Ottawa route, effective August 9, 2004. KnightHawk was advised by its customer that the reason for the cancellation was not service related, but due to the customer's ability to ship its cargo via container at substantially lower costs.

The customer indicated that it does not intend to alter its arrangements with KnightHawk and no other routes are affected by this announcement.

The lost revenue amounts to approximately 6% of the Company's total revenues. The company will be taking aggressive steps to replace this lost revenue and to reduce its costs to minimize the effects on profitability.

About KnightHawk

KnightHawk provides contract rail and air cargo services, delivering freight both domestically and transborder between Canada and the United States, on behalf of its customers in the North American railway and air cargo express industries. KnightHawk's air division operates a fleet of cargo aircraft, and during the past ten years and over 40,000 flying hours has maintained an on-time performance record of over 99%, a crucial reliability factor for its customers. For further information, please see our website at www.knighthawk.ca

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy of this release.

This press release may include forward-looking statements that are based on certain assumptions and reflect KnightHawk's current expectations. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Additional factors are discussed in KnightHawk's materials filed with the securities regulatory authorities in Canada from time to time. KnightHawk disclaims any intention or obligation to update or revise any forward-looking statements.

For Further Information Please Contact:

Mr Tom Rothfels

President and Chief Executive Officer

Knighthawk Inc.

416-932-1649

trothfels@knighthawk.ca