This is the form of a material change report required under Section 85(1) of the Securities Act.

FORM 27

SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

NOTE: Every report required to be filed under section 85(1) of the Act shall be sent to the Commission in an envelope addressed to the Commission and marked "Continuous Disclosure".

NOTE: WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS “CONFIDENTIAL - SECTION 85", AND EVERYTHING THAT IS REQUIRED TO BE FILED SHALL BE PLACED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL".

Item 1. Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer.

SEXTANT ENTERTAINMENT GROUP INC. (the “Company”)
3rd Floor – 1380 Burrard Street
Vancouver, B.C. V6Z 2H3

Item 2. Date of Material Change

May 10, 2001

Item 3. Press Release

State the date and place(s) of issuance of the press release issued pursuant to Section 85(1) of the Act.

The press release was issued by the Company on May 10, 2001 in Vancouver, British Columbia through the facilities of Canada News Wire. See attached.

Item 4. <u>Summary of Material Change</u>

Provide a brief but accurate summary of the nature and substance of the material change.

The Company secured working capital financing in the amount of C$4.5 million in the form of a facility to be provided by a major Canadian chartered bank and a private investment company. In connection with the transaction, the private investment company will be paid a bonus in the form of 625,000 common shares of the Company and obtain the right to purchase common shares of the Company from five non-management shareholders of Sextant, which, if exercised, will bring the investment company's ownership of Sextant to greater than 20%.

Item 5. <u>Full Description of Material Change</u>

Supplement the summary required under Item 4 with the disclosure which should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also Item 7.

This description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting Issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.

The above list merely describes examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation.

On May 10, 2001 the Company entered into a Loan Agreement (the "Agreement") dated for reference March 8, 2001 with a private investment company ("the Lender"). Under the Agreement, the Lender has made a loan (the "Loan") to the Company and provided a guarantee (the "Guarantee") of an operating credit facility (the "Facility") from the Royal Bank of Canada (the "Facility"). The aggregate amount of the Loan and the Facility is $4,500,000.

The Loan is repayable by September 30, 2001 and bears interest at the rate of 12% per annum, compounded and payable on the last business day of every month commencing April 30, 2001, for an effective rate of 12.68%. The Company has paid the Lender a bonus of 125,000 common shares of the Company as consideration for the Loan, at a deemed price of US$0.48 per share, and such shares are subject to a 4 month hold period commencing May 10, 2001. As consideration for the Guarantee, the Company will pay the Lender a guarantee fee on the outstanding balance of the Facility calculated daily at a rate equal to the difference between the interest rate charged on the Loan and the interest rate charged by the Bank, payable on the 5th day of the month after the end of each month in which the Facility remains outstanding. The Company has also paid the Lender a bonus of 500,000 common shares of the Company as consideration for the Guarantee, at a deemed price of US$0.48 per share, and such shares are subject to a 4 month hold period commencing May 10, 2001.

The Company has provided the Lender with a variety of security for the Loan and Guarantee, including a commercial security agreement on the Company's personal property, a pledge of the shares of certain of its subsidiaries, and a mortgage of certain of the real property of one of its subsidiaries. The Company cancelled 635,000 stock options currently held by members of the board of directors and senior management of the Company. A significant shareholder of the Company has submitted 631,324 of his shares of the Company for cancellation, and has pledged and given the Lender voting power over the remaining 500,000 of his shares in the Company. Furthermore, the Lender has obtained the right to purchase 1,893,140 common shares of Sextant from five non-management shareholders of Sextant, which, if exercised, will bring the Lender's ownership of Sextant to greater than 20%.

Item 6. <u>Reliance on Section 85(2) of the Act</u>

If the report is being filed on a confidential basis in reliance on Section 85(2) of the Act, state the reasons for such reliance.

<u>INSTRUCTION</u>:

Refer to Section 85(3) of the Act concerning continuing obligations in respect of reports filed pursuant to this subsection.

N/A.

Item 7. <u>Omitted Information</u>:

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed by Section 85(3) of the Act will no longer or will not be relied upon, a reporting Issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change *report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.*

State whether any information has been omitted on this basis and provided the reasons for any such omission in sufficient detail to permit the Commission to exercise its discretion pursuant to Section 169(4) of the Act.

The reasons for the omission may be contained in a separate letter filed as provided in Section 146 of the Regulation.

N/A.

Item 8. Senior Officers

To facilitate any necessary follow-up by the Commission, give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom such senior officer may be contacted by the Commission.

Ian Fodie (604) 642-5400

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver this 22nd day of May, 2001.

"Ian Fodie"
Ian Fodie, Chief Financial Officer

SEXTANT ENTERTAINMENT GROUP

NEWS RELEASE

Vancouver, May 10, 2001 – Sextant Entertainment Group Inc. ("Sextant") (CDNX:YSX.U) announced today that it has secured financing in the amount of CDN$4.5 million to fund working capital requirements.

The financing will take the form of a facility to be provided by a major Canadian chartered bank and a private investment company. The facility will bear interest at 12 percent per annum, compounded and payable monthly. Sextant will pay a bonus in the form of 625,000 common shares that will be subject to a four month hold period in accordance with CDNX policy and securities regulatory requirements. Sextant will also be canceling 635,000 stock options currently held by members of the board of directors and senior management of Sextant. As part of this transaction, the private investment company will obtain the right to purchase 1,893,140 common shares of Sextant from five non-management shareholders of Sextant, which, if exercised, will bring the investment company's ownership of Sextant to greater than 20%.

"Sextant has recently announced a number of exciting new production agreements and this facility will allow the company to easily meet those production deadlines and provide the working capital necessary to expand and grow our business," said Matthew O'Connor, President, Corporate, Sextant Entertainment Group Inc.

Sextant is an independent entertainment company dedicated to producing and globally distributing world-class family entertainment properties in all media.

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

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For further information visit

www.sextantentertainment.com
Ian Fodie, Chief Financial Officer
Sextant Entertainment Group Inc.
Tel: (604) 642-5400
Fax: (604) 642-5440