BC FORM 53-901F
SECURITIES ACT - BRITISH COLUMBIA
MATERIAL CHANGE REPORT UNDER SECTION 85 (1) OF THE ACT

1. Reporting Issuer

Mercury Scheduling Systems Inc. (the "Company")
400 – 601 West Cordova Street
Vancouver, BC V6B 1G1
Telephone: (604) 683-8668

2. Date of the material change

July 25, 2002

3. Press Release

Date of Issue: July 25, 2002

Place of Issue: Through the facilities of BCE Emergis Inc.

4. Summary of material change

The Company has signed a letter of intent with Novus Communications Inc. (Novus) to acquire Novus as a wholly-owned subsidiary, subject to specified terms and conditions.

5. Full description of material change

Mercury and Novus have agreed upon terms of a proposed business combination to be completed by way of a proposal and arrangement under the provisions of the Companies' Creditors Arrangement Act ("***CCAA***").

Novus filed for creditor protection under the CCAA in December 2001 and has until July 31, 2002 to make a proposal of arrangement to its creditors. Novus will be seeking an extension from the Court next week in which to make a proposal of arrangement to its creditors.

Novus is an established cable TV and high-speed Internet provider with an advanced fibre optic network in Vancouver. The Novus network, specifically designed to carry high speed, high capacity voice, video and data services, involves a 34 kilometre-long back bone of 432 strand fibre. This is currently used to service Novus' current residential base of 4,200 downtown customers in 60 buildings. Novus is on track to more than double the expanse of its network by the end of 2002, when it will extend from the UBC Endowment Lands to Burnaby Mountain.

Novus is governed by the *Telecommunications Act* and has been granted a Class 1 license by the Canadian Radio-television Communications Commission ("***CRTC***") to carry on a cable distribution undertaking serving the Greater Vancouver Regional District ("***GVRD***"). This Class 1 license enables Novus to compete with Shaw Communications in the GVRD.

Mercury will continue Novus' deployment strategy, focusing on large Vancouver condominiums and apartment complexes. Says Mr. Whitmarsh, "We look forward to expanding Novus' currently small but highly satisfied customer base: we believe that many more consumers are ready to switch to Novus."

In order to comply with the regulations under the *Telecommunications Act* limiting the foreign control of telecommunications companies in Canada, it is proposed that the share structure of Mercury will be amended to consist of 2 classes of shares (the "***Class A Mercury Shares***" and the "***Class B Mercury Shares***"). The holders of the Class A Mercury Shares will be entitled to vote for the majority of directors of Mercury. The holders of the Class B Mercury Shares will have limited voting rights in that they will only be entitled to vote for the minority number of directors. Mercury will apply to the TSX Venture Exchange (the "***Exchange***") to list the Class B Mercury Shares in place of the common shares of Mercury which are currently listed.

The current shareholders of Mercury will receive Class B Mercury Shares on the basis of one Class B Mercury Share for every 2 common shares presently held by them. The Novus shareholders will receive one Class A Mercury Share for every 7.2 Class A shares of Novus (the "***Class A Novus Shares***") and one Class B Mercury Share for every 7.2 Class B shares of Novus (the "***Class B Novus Shares***") held by them. The Novus Shareholders will be subject to certain performance based escrow provisions in addition to those imposed by the Exchange.

As a result of this acquisition, the current shareholders of Mercury will hold 13,348,882 Class B Mercury Shares and the current shareholders of Novus will hold 2,437,778 Class B Mercury Shares (with the possibility of receiving up to 944,211 additional Class B Mercury Shares as detailed below) and 22,333 Class A Mercury Shares.

The parties are currently examining an alternative share structure to the 2 classes of Mercury shares to determine if a single class of common shares will satisfy the foreign control concerns of the CRTC, failing which the current board of directors of Mercury will undertake a private placement to purchase Class A Mercury Shares on behalf of existing Mercury Shareholders. If such alternative is in fact viable then each of the Mercury and Novus shareholders will receive one of the new common shares of Mercury and the private placement of the Class A Mercury Shares to the directors will not be necessary.

Concurrent with closing of the acquisition, Mercury also intends to complete a private placement of Class B Mercury Shares for proceeds of $1,000,000. These proceeds together with cash on hand (which is presently approximately $2,200,000) will be used to facilitate completion of the CCAA proposal by Novus and implementation of its business plan.

The CCAA proposal by Novus requires approval by the various creditors of Novus and includes: a secured creditor receiving cash in the amount of $2,343,500, other secured creditors receiving $4,640,000 in senior unsecured notes due in 5 years and unsecured creditors receiving a maximum of 3,001,354 shares. This debt settlement includes a disputed amount and if the dispute is settled in Novus' favour, additional Class B Mercury Shares will be issued to the Novus shareholders to a maximum of 944,211 Class B Mercury Shares.

The Board of Directors of Mercury after completion of this acquisition will be increased to 5 and will consist of the 3 current Mercury directors plus the 2 current directors of Novus, Donna Robertson and George Burnes.

The proposed acquisition is subject to a number of conditions precedent, including, among other things, satisfactory due diligence by each party to be completed by August 23, 2002. On or prior to the closing of the acquisition, various approvals are required including Exchange, CRTC and Court approvals, approval of the CCAA proposal by the Novus stakeholders, and approval by the shareholders of Mercury. The transaction will result, if completed, in a change of business.

6. Reliance on Section 85 (2) of the Act

Not applicable

7. Omitted information

Not applicable

8. Senior officer

Graham Whitmarsh, President & CEO
400 – 601 West Cordova Street
Vancouver, BC V5B 1G1
Telephone (604) 683-8668

9. Statement of senior officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, British Columbia this 26th day of July, 2002.

Graham Whitmarsh
President & Director