

FORM 27

Securities Act (Alberta)

**MATERIAL CHANGE REPORT UNDER
SECTION 118(1) OF THE SECURITIES ACT (ALBERTA)**

Item 1 Reporting Issuer:

VHQ Entertainment Inc.
6201 – 46th Avenue
Red Deer, Alberta T4N 6Z1

Item 2 Date of Material Change:

October 7, 2003

Item 3 News Release:

A press release fully describing the transaction was issued on October 7, 2003.

Item 4 Summary of Material Change:

VHQ Entertainment Inc. reports that it has closed a private placement financing whereby an existing promissory note in the principal amount of \$400,000 owing by VHQ to Hillman Holdings Inc., a company controlled by VHQ's Chairman of the Board and Chief Operating Officer, Gordon Hillman, was exchanged for a secured convertible subordinated debenture of VHQ in the principal amount of \$400,000 with interest at 12% per annum payable monthly in arrears.

Item 5 Full Description of Material Change:

VHQ Entertainment Inc. reports that it has closed a private placement financing whereby an existing promissory note in the principal amount of \$400,000 owing by VHQ to Hillman Holdings Inc., a company controlled by VHQ's Chairman of the Board and Chief Operating Officer, Gordon Hillman, was exchanged for a secured convertible subordinated debenture of VHQ in the principal amount of \$400,000 with interest at 12% per annum payable monthly in arrears. The principal amount of the debenture is convertible into common shares of VHQ at a conversion rate of \$0.50 per common share on or before October 7, 2005 and \$0.60 per common share from October 8, 2005 until October 7, 2008. The convertible debenture is secured by the assets of VHQ but such security interest is subordinated to all senior indebtedness of VHQ including bank indebtedness.

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

N/A

Item 7 Omitted Information:

N/A

Item 8 Senior Officers:

The name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report is as follows:

Trevor Hillman – President and CEO
Telephone: 403.346.8119
Fax: 403.309.5511

Item 9 Statement of Senior Officer:

The foregoing accurately discloses the material change referred to in this report.

Dated this 7th day of October, 2003 in the City of Red Deer, Alberta.

VHQ Entertainment Inc.

"Trevor Hillman@

Per:

Trevor Hillman
Chief Executive Officer

IT IS AN OFFENCE UNDER THE *SECURITIES ACT* AND THE *SECURITIES REGULATION* FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.