

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

**Item 1 Name and Address of Company:**

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

**Item 2 Date of Material Change:**

April 29, 2004

**Item 3 News Release:**

A press release fully describing the transaction was issued via Canada Newswire on April 30, 2004.

**Item 4 Summary of Material Change:**

VHQ Entertainment Inc. (TSX: VHQ) reports that has completed a second and final closing of its previously announced private placement of units (“Units”) of VHQ at a purchase price of \$0.55 per Unit to arms length purchasers and common shares of VHQ at the purchase price of \$0.55 per common share to non-arms length purchasers.

In this second closing, VHQ has issued 204,000 Units to arm’s length purchasers for gross proceeds of \$124,450 and 435,000 common shares to non-arm’s length purchasers for gross proceeds of \$239,250. In the first closing VHQ has issued 202,000 Units to an arms length purchaser for gross proceeds of \$111,100 and 28,000 common shares to a non-arms length purchaser for \$15,400. In total, VHQ raised gross proceeds of \$486,200 pursuant to this private placement. The private placement was conducted in reliance upon the prospectus and registration exemptions contained in the *Securities Act* (Alberta) and certain of the other jurisdictions in Canada. Therefore the Units and common shares issued on the first closing will be subject to resale restrictions until August 1, 2004 and those issued on the second closing will be subject to resale restrictions until August 30, 2004. VHQ now has 14,740,436 common shares outstanding.

Non-arms length purchasers were not permitted to purchase Units. Each Unit consists of one common share in the capital of VHQ and one-half of one common share purchase warrant of VHQ (each whole such common share purchase warrant, a “Warrant”). Each Warrant shall entitle the holder thereof to purchase one additional common share in the capital of VHQ at a price of \$0.75 until April 30, 2005.

## **Item 5 Full Description of Material Change:**

VHQ Entertainment Inc. (TSX: VHQ) reports that has completed a second and final closing of its previously announced private placement of units (“Units”) of VHQ at a purchase price of \$0.55 per Unit to arms length purchasers and common shares of VHQ at the purchase price of \$0.55 per common share to non-arms length purchasers.

In this second closing, VHQ has issued 204,000 Units to arm’s length purchasers for gross proceeds of \$124,450 and 435,000 common shares to non-arm’s length purchasers for gross proceeds of \$239,250. In the first closing VHQ has issued 202,000 Units to an arms length purchaser for gross proceeds of \$111,100 and 28,000 common shares to a non-arms length purchaser for \$15,400. In total, VHQ raised gross proceeds of \$486,200 pursuant to this private placement. The private placement was conducted in reliance upon the prospectus and registration exemptions contained in the *Securities Act* (Alberta) and certain of the other jurisdictions in Canada. Therefore the Units and common shares issued on the first closing will be subject to resale restrictions until August 1, 2004 and those issued on the second closing will be subject to resale restrictions until August 30, 2004. VHQ now has 14,740,436 common shares outstanding.

Non-arms length purchasers were not permitted to purchase Units. Each Unit consists of one common share in the capital of VHQ and one-half of one common share purchase warrant of VHQ (each whole such common share purchase warrant, a “Warrant”). Each Warrant shall entitle the holder thereof to purchase one additional common share in the capital of VHQ at a price of \$0.75 until April 30, 2005.

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

N/A

## **Item 7 Omitted Information:**

N/A

## **Item 8 Executive Officer:**

The name and business telephone number of an executive 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) 340-2753

## **Item 9 Date of Report**

Dated April 30, 2004.