Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

W3 SOLUTIONS INC. (the "Corporation")
300 – 1455 Bellevue Avenue
West Vancouver, BC V7T 1C3

Item 2 Date of Material Change

June 12, 2006

Item 3 News Release

The Corporation issued a news release respecting the material change on June 12, 2006

Item 4 Summary of Material Change

The Corporation entered into an agreement with its major creditor, C Walker Group Inc., to settle $2,700,000 in outstanding debt by the issuance to C. Walker Group Inc. of 54,000,000 common shares in the capital stock of the Company at the deemed price of $0.05 per share.

Item 5 Full Description of Material Change

(a) Description of Transaction and Material Terms

The Corporation entered into a shares for debt settlement agreement dated June 12, 2006 with its largest creditor, C. Walker Group Inc.(**"CWGI"**), pursuant to which the Corporation has agreed to pay and satisfy $2,700,000 in outstanding debts owed to CWGI by the issuance of 54,000,000 common shares in the capital stock of the Corporation at the deemed price of $0.05 per share..

The principal amount of the debt is comprised of advances made by CWGI to the Corporation between December 2000 and September 2003 to fund operations. The terms of the debt are as follows: A total of $1,500,000 of the debt is payable on demand, bear interests at the rate of 10% per annum, and is convertible at the option of CWGI into units at a deemed price of $0.25 of indebtedness for each unit, with each unit consisting of one common share of the Company and one warrant entitling the holder to acquire one common share at a price $0.25. The remaining $1,200,000 of the debt bears interest at the rate of 10% per annum, was due and payable on May 31, 2006, and is convertible at the option of CWGI (i) in respect of the first $200,000 of indebtedness, into units at a deemed price of $0.25 of indebtedness for each unit, with each unit consisting of one fully paid common share of the Company and one warrant entitling the holder to acquire one common share at a price $0.25; and (ii) In respect of the remaining indebtedness, into shares of the Company on the basis of one share for each $0.25 of indebtedness. The entire debt of $2,700,000 is secured by a first charge on the assets of the Corporation.

(b) Purpose of and Business Reasons for the Transaction

The purpose of the shares for debt settlement is to improve the Corporation's balance sheet by converting the debt to equity

(c) Anticipated Effect of Sale on The Corporation's Business and Affairs

The shares for debt settlement will result in a reduction of the Corporation's indebtedness by $2,700,000 and will result in a release and discharge of the security over the Corporation's assets held by CWGI. The shares for debt settlement will result in an increase in the number of common shares outstanding by 54,000,000, to 90,039,868 shares, resulting in substantial dilution to the shareholders other than CWGI.

(d) Interests of Interested Parties and Anticipated Effect on Percentage of Securities

CWGI is the Corporation's largest creditor and Mr. Charles S. Walker is the controlling shareholder of the Corporation and the principal of CWGI. Mr. Scott S. Walker, Ms. Shannon Walker and Mr. Raymond Dar are officers of CWGI. Mr. Charles S. Walker, Scott S. Walker, Raymond K. Dar and Shannon Walker, have an interest in CWGI and, accordingly, declared their interests in the transaction and abstained from voting on the resolution passed by the board of directors approving the shares for debt settlement.

The shares for debt settlement referred to above, if completed, will result in the issuance of 54,000,000 additional common shares to C. Walker Group Inc. , resulting in an increase in the number of shares controlled by Mr. Charles S. Walker to 62,959,247 shares, being 70 % of the total issued and outstanding shares after giving effect to such issuance.

(e) Independent Valuation

The Corporation is exempt from obtaining a formal valuation in connection with the shares for debt settlement pursuant to section 5.5 of Ontario Securities Rule 61-501(the "**OSC Rule**") inasmuch as its common shares are listed for trading on the TSX Venture Exchange and are not listed or quoted for trading on any other specified market. However, in conjunction with a review of its business affairs, the Corporation obtained an independent valuation of its business as a going concern as of June 30, 2006 (the "**Independent Valuation**"). The Corporation's board of directors established a committee consisting of its three independent directors, namely Messrs. Phil MacDonnell, John S. Burns and R.W. (Bob) Garnett, to oversee the selection of an independent valuator and the process of obtaining the Independent Valuation. The independent committee selected Mr. Stephen W. Semeniuk. B.Com (Hons.), MBA, CFA to prepare the Independent Valuation. Mr. Semeniuk concluded in his Independent Valuation that the business of the Corporation as of June 30, 2006 had a fair market value of no more than $360,000, **excluding debt**. The Independent Valuation was based on comparisons to other publicly traded peer companies in the same industry. In determining the value of the Corporation's business as a going concern, Mr. Semeniuk noted in the Independent Valuation that the financial characteristic of the Corporation that sets it apart from its peer companies is the Corporation's large debt load relative to its revenues and assets backing. Mr. Semeniuk is independent of the Corporation and has no past, present or intended interest in the shares and properties of the Corporation, nor is he an insider, associate or affiliate of the Corporation. Mr. Semeniuk has not acted previously as an advisor to the Corporation or any of its affiliates. Mr. Semeniuk was paid approximately $10,000 for his services in preparing the Independent Valuation. The scope of the review conducted by Mr. Semeniuk included the following:

- a review of the current financial position of the Corporation based on historical as well as current financial operating statements;
- comparative analysis of the sector in which the Corporation operates and selection of some comparable companies in order to establish a value for the Corporation;
- the Corporation's filings on SEDAR and past trading prices of the shares available from other sources;
- comparable transactions pertaining to the acquisition of business activities similar to the Corporation as researched in the financial press and other sources; and
- information provided by management of the Corporation.

(f) Shareholder Approval

The sale of assets constitutes a "**related party transaction**" under TSX Venture Exchange Policy 5.9 and the OSC Rule and therefore must be approved by way of "**minority approval**", being approval by a simple majority of 50% plus one of the votes properly cast by the shareholders on the resolution respecting the transaction, but excluding the votes cast by any shareholder who is a **"related party"** of the Corporation in connection with the transaction. The term "**related party**" is defined in the OSC Rule and, as applied to the shares fore debt settlement agreement, includes all of the persons and corporations identified as interested parties above and their affiliates. To the knowledge of the Corporation after reasonable inquiry, the votes attached to a total of 62,959,247 common shares , constituting 70% of the issued and outstanding common shares of the Corporation, must be excluded when determining the results of balloting on the resolution respecting the sale of assets.

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 the following officer of the Corporation:

Contact: Scott Walker, President & CEO (604) 922-6563

Item 9 Date of Report

Dated at West Vancouver, British Columbia, this 20th day of June, 2006.

W3 SOLUTIONS INC.

"Scott Walker"

Scott S. Walker
President & CEO