

This is the form of a material change report required under Section 85(1) of the *Securities Act* and Section 151 of the *Securities Rules*.

**BC FORM 53-901F
Securities Act**

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

Item 1. Reporting Issuer

Cinimage Corporation
#350 – 1090 Homer Street
Vancouver, BC V6B 2W9

Tel. 604/669-0699

Item 2. Date of Material Change

August 11, 2003

Item 3. Press Release

News Release dated August 11, 2003 was disseminated by CCN Matthews communications service.

Item 4. Summary of Material Change

The Issuer announced its five-year plan to implement a Prints-On-Demand retail service. The Release introduces the Prints-On-Demand concept and particulars of what services the program offers through framing shops, art galleries and museum gift shops. It also advised how equipment installations would be financed through a guaranteed bond issued by its subsidiary company, Cinimage Leasing Inc.

Item 5. Full Description of Material Change

The Issuer has launched a five-year plan to place its newly developed Print-On-Demand (POD) workstations in framing shops, poster shops, fine art galleries and museum gift shops across North America. The workstations will make it possible for people to walk into a shop, browse through the Issuer's growing online offerings of fine and decorative art, and instantly print the pictures on whatever stock they want -- glossy, matt or canvas. Then they can take the print right home or leave it for a day or two to be framed.

People can also walk in with their own pictures and have them turned into frameable wall-sized prints while they wait.

The Issuer's objective is to have 100 workstations in Canada and about 300 in the United States in five years.

To finance the plan, the Issuer, through its wholly owned subsidiary, Cinimage Leasing Inc., has issued a nine-and-a-half per cent secured and guaranteed bond that will allow the Issuer to build PODs and then lease them to select framing shops and galleries. This venture will be handled by Cinimage Leasing Inc., a wholly owned subsidiary of the Issuer.

The POD workstations are state-of-the-art and can produce a museum-quality print of varying sizes in a matter of minutes. If printing an image of an oil painting onto canvas, for example, the print will come out with a textured surface that looks and feels like the genuine article.

The pool of pictures available for instant printing will expand as artists and institutions bring their inventories into the Issuer's portal, which already contains more than 5,000 high-resolution prints of everything ranging from traditional fine art held in major galleries to the collected works of established stock photography companies. The Issuer's system provides high-resolution digitized images that can be downloaded directly.

The Issuer is now negotiating with potential lease-operators in North America and plans to have a number of agreements in place by the end of the year. After that the Issuer will explore similar opportunities in Western Europe and Asia, where the Issuer already has a presence. In an accord signed with China in 2001, for example, the Issuer obtained exclusive North American, European and Central American rights to market images of China's famous underground army of Terracotta Warriors and Horses.

In addition, the Issuer's software system that powers the POD workstations is being used by the archival associations of British Columbia and Alberta to handle their extensive inventories of images and text.

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

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.

N/A

Item 7. Omitted Information

N/A

Item 8. Senior Officers

Edgar Froese, President
Telephone: (604) 669-0699

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, BC on the 11th day of August, 2003.

CINEMAGE CORPORATION

Per: "Edgar Froese"

Edgar Froese
President

