



## SCHEDULE "A"

On November 10, 2004, the Corporation announced by way of a press release that the board of directors of the Corporation had approved a plan to raise additional capital, restructure the outstanding debt of the Corporation and simplify the capital structure of the Corporation. A summary of the transactions that are proposed by the board of directors (collectively referred to as the "Transactions") are set forth below:

1. A private placement of between \$1,000,000 and \$1,400,000 aggregate principal amount of 8% 4 year subordinate convertible redeemable debentures (the Debentures"). Wellington West Capital Inc. ("Wellington") has agreed to act as agent with respect to this offering. The Debentures will be convertible into common shares of the Corporation ("Common Shares") at a price of \$0.10 during the first two years from the date of issuance, \$0.11 in year 3 and \$0.12 in year 4.
2. The conversion of an outstanding loan of approximately \$500,000 to the Corporation (which bears interest at 18% per annum and is for a term of four years from the date of advance, being November 12, 2003), plus outstanding interest (of approximately \$70,000), from Ensis Growth Fund Inc. (the "Original Ensis Loan") into a 4 year 8% subordinate convertible redeemable loan having the substantially same terms as the Debentures (the "Ensis Convertible Loan").
3. A subscription by Ensis Growth Fund Inc. for an additional \$440,000 up to \$840,000 (approximate) 4 year 8% subordinate convertible redeemable loan of the Corporation having substantially the same terms as the Debentures (the "Additional Ensis Convertible Loan"). The exact amount of the Additional Ensis Convertible Loan will be the amount equal to the gross proceeds from the sale of the Debentures less the outstanding amount of the Original Ensis Loan, including interest. The Additional Ensis Convertible Loan is conditional upon the Corporation receiving gross proceeds of at least \$1,000,000 from the sale of the Debentures.
4. The redemption of all of the issued and outstanding preferred shares of the Corporation (the "Preferred Shares"), all of which shares are held by Ensis Growth Fund Inc., Ensis Investment Limited Partnership (Ensis Growth Fund Inc. and Ensis Investment Limited Partnership are referred to collectively herein as "Ensis") and Renaissance Capital Manitoba Ventures Fund Limited Partnership ("Renaissance"). As provided in the articles of incorporation of the Corporation, the redemption price per Preferred Share is \$0.40 per share, plus an annual compounded rate of return of 20%. The aggregate principal amount owing on the Preferred Shares is \$2,000,000. The aggregate interest owing on the Preferred Shares will be approximately \$1,690,000 as at December 1, 2004. The amount of the redemption price to be paid for the Preferred Shares will be satisfied by the issuance to Ensis and Renaissance of a combination of: (a) Common Shares in satisfaction of the \$1,690,000 in interest owing on the Preferred Shares; and (b) a \$2,000,000 (aggregate) 4 year 8% year subordinate convertible redeemable loan having substantially the same terms as the Debentures from Ensis and Renaissance (the "Preferred Share Convertible Loans"). The price per share at which the Common Shares will be issued to Renaissance and Ensis in satisfaction of the amount owing as interest on the Preferred Shares is \$0.10 per Common Share.

Ensis currently has prior security over certain assets of the Corporation and its subsidiaries which was granted at the time of the Original Ensis Loan. All the parties have agreed that the Debentures, the Ensis Convertible Loan, the Additional Ensis Convertible Loan and the Preferred Share Convertible Loans shall all rank equally with respect to security over the assets of the Corporation and its subsidiaries and an agreement will be entered into to this effect.

The securities issued pursuant to the Transactions will be protected by normal anti-dilution

provisions with respect to the consolidation or sub-division of the outstanding Common Shares, including dividends payable in Common Shares. The above referenced securities will also be protected from economic dilution in the event that Common Shares (or securities convertible into Common Shares) are subsequently issued by the Corporation at a price that is less than \$0.10 per Common Share. In the event that Common Shares (or securities convertible into Common Shares) are issued by the Corporation at a price that is less than \$0.10 per Common Share, a certain number of Common Shares based on a formula will be issued to holders of the Debentures, the Ensis Convertible Loan, the Additional Ensis Convertible Loan and the Preferred Share Convertible Loans.

All of the foregoing Transactions are subject to the approval of the TSX Venture Exchange in their entirety.

The principal reason why the Corporation is proposing to undertake the Transactions is that the Corporation is not currently able to satisfy its financial covenants with its lenders. Additionally, the Transactions will enable the Corporation to fund the Corporation's future growth in accordance with its business plan.

The financing will correct current working capital shortages that restrict the Corporation from being able to operate effectively or pursue new business opportunities. As well, the investment in sales and marketing activities will be expanded, primarily for the Intertain Media Inc. subsidiary, to build market share. Included in this investment will be the addition of direct and partner sales positions as well as tools to facilitate the sale of the Intertain products.

The Transactions were approved by the board of directors of the Corporation at a meeting of the directors on November 10, 2004. The representatives of Ensis and Renaissance who sit on the board of directors of the Corporation, being Kevin Hooke and Mark Ahrens-Townsend, did not take part in the discussion regarding the approval of the Transactions and did not vote on the resolution to approve any of the Transactions.

Renaissance and Ensis are related parties of the Corporation due to the fact that they each own 2,500,000 Preferred Shares of the Corporation, which is greater than 10% of the issued and outstanding voting securities of the Corporation and they each have a representative on the board of directors of the Corporation. Therefore, due to this relationship, all of the Transactions can be considered to be related party transactions pursuant to Ontario Securities Commission Rule 61-501 *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions* ("Rule 61-501").

Upon completion of the Transactions, each of Renaissance and Ensis will directly own 8,450,000 Common Shares. This will represent approximately 29.40% of the issued and outstanding Common Shares of the Corporation upon completion of the Transactions. Additionally, Renaissance will hold convertible debt of the Corporation that is convertible into an additional 10,000,000 Common Shares. Ensis will hold convertible debt of the Corporation (based on completion of the maximum offering of Debentures by Wellington) that is convertible into an additional 24,100,000 Common Shares (approximately).

Pursuant to Rule 61-50, the Corporation is normally required to obtain a formal valuation regarding the Transactions as well as approval of the minority shareholders of the Corporation for the Transactions. The Corporation is exempt from these requirements, pursuant to Sections 5.5(6) and 5.7(4) of Rule 61-501, due to the fact that the Transactions are supported by Ted Paley, an Arm's Length Control Block Holder (as such term is defined in Rule 61-501) of the Corporation. As required by Rule 61-501, Mr. Paley owns a greater number of voting securities of the Corporation

than either Renaissance or Ensis, is at arm's length to both of Ensis and Renaissance and is not an interested party (as defined in Rule 61-501) to any of the Transactions.

A copy of this material change report shall be provided, without charge, to any security holder of the Corporation.