FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

The Learning Library Inc.
555 Richmond Street West
Suite 1100, P.O. Box 214
Toronto, ON M5V 3B1

2. Date of Material Change

June 7, 2004

3. News Release

Please see SEDAR for press release issued through CCN Newswire on June 7, 2004.

4. Summary of Material Change

The Learning Library Inc. (the "Corporation") completed a non-brokered private placement of 2,600,000 special units of the Corporation (the "Special Units") at a price of $0.10 per Special Unit for gross proceeds of $260,000. Each Special Unit is exercisable to acquire, for no additional consideration, one common share of the Corporation (a "Common Share") and one Common Share purchase warrant (a "Warrant")(after giving effect to a proposed share consolidation). Each Warrant shall entitle the holder thereof to acquire one Common Share at a price of $0.15 for a period of two years. The Corporation also updated its financial situation and the circumstances surrounding the cease trade orders issued by the Ontario Securities Commission on June 13, 2003, by the British Columbia Securities Commission on June 17, 2003 and by the Alberta Securities Commission on October 10, 2003 due to the Corporation's failure to file certain financial statements.

5. Full Description of Material Change

The Corporation announced that it has completed a non-brokered private placement of 2,600,000 Special Units at a price of $0.10 per Special Unit for gross proceeds of $260,000. Each Special Unit is exercisable to acquire, for no additional consideration, one Common Share and one Warrant (after giving effect to the proposed share consolidation noted below). Each Warrant shall entitle the holder thereof to acquire one Common Share at a price of $0.15 for a period of two years. The Special Units sold form part of a larger ongoing offering of up to 7,000,000 Special Units to be issued and sold directly by the Corporation by private placement pursuant to applicable exemptions from the prospectus requirements of Ontario securities laws.

The Corporation announced that the securities of the Corporation remain subject to the cease trade order issued by the Ontario Securities Commission on June 13, 2003, and are also subject to a cease trade order issued by the British Columbia Securities Commission on June 17, 2003 and a cease trade order issued by the Alberta Securities Commission on October 10, 2003 (collectively, the "Cease Trade Orders"), due to the Corporation's failure to file certain financial statements.

The Corporation's Common Shares also remain suspended from trading on the TSXVE due to the cease trade orders.

The Corporation announced it has filed its unaudited interim financial statements for the three, six and nine month periods ended March 31, 2003, June 30, 2003 and September 30, 2003, respectively, on SEDAR. The Corporation has not yet filed its audited financial statements for the year ended December 31, 2003 or its interim financial statements for the three months ended March 31, 2004, but it anticipates filing these financial statements on SEDAR by no later than June 11, 2004.

The Corporation announced it had obtained a partial revocation of the cease trade order of the Ontario Securities Commission in order to complete the private placement of the Special Units. All securities issued in connection with the private placement are subject to a four-month statutory hold period and are also subject to the Cease Trade Orders.

The Corporation updated its financial situation, announcing that, as previously announced, the Corporation's working capital has been insufficient to fund its ongoing operations and cash commitments. Over the course of the past year, David Lowenstein, a director, President and Chief Executive Officer and the principal shareholder of Learning Library has continued to provide the Corporation with financial resources to assist it in sustaining operations in the short term while it continued to review its alternatives. The Corporation's prospects, however, have failed to improve to the point where it anticipates being able to sustain a viable business model as a public company. As a result, the directors of Learning Library have determined that it is in the best interests of the Corporation to complete a reorganization whereby it will divest its current business and complete a transaction to acquire an alternative business with better prospects for the Corporation's shareholders. The private placement has been conducted, and the proceeds from the private placement will be used, for this purpose.

Accordingly, with the completion of the private placement, the Corporation announced that it will be proceeding with a reorganization whereby: (i) all of the 2,661,333 preferred shares in the capital of the Corporation shall be converted into 2,661,333 Common Shares; (ii) the Corporation will hold an annual and special meeting of its shareholders to seek approval to consolidate all of its issued and outstanding Common Shares so that it will have approximately 10,000,000 Common Shares issued and outstanding (after giving effect to the conversion of the preferred shares) and to discontinue its current business and sell all of its assets; (iii) the Corporation will advance discussions to complete a change of business transaction; and (iv) the Corporation will, concurrent with its intended change of business transaction, apply to have the Cease Trade Orders revoked and trading in the Corporation's Common Shares on the TSXVE reinstated. The Corporation will provide further updates as its reorganization efforts proceed.

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

7. Omitted Information

No significant facts have been omitted from this report.

8. Executive Officer

For further information, please contact David Lowenstein, President and Chief Executive Officer, (416) 703-8674.

9. Date of Report

Dated at Toronto, Ontario, this 17th day of June, 2004.

"David Lowenstein"
David Lowenstein
President and Chief Executive Officer