

**BC FORM 53-901F**

**MATERIAL CHANGE REPORT UNDER SECTION 85(1)  
OF THE SECURITIES ACT (BRITISH COLUMBIA)**

Item 1. Reporting Issuer:

Chalk Media Corp.  
280 – 4400 Dominion Street  
Burnaby, BC  
V5G 4G3

Item 2. Date of Material Change:

November 19, 2003

Item 3. Press Release:

On November 26, 2003, the Company issued a press release using Canada News Wire Limited for dissemination nationally in Canada to the financial press and to daily newspapers.

Item 4. Summary of Material Change:

On November 19, 2003, the Company completed the acquisition of all of the issued and outstanding shares of Chalk Investments Corp. ("Chalk") a producer of online training and marketing solutions and video and television productions. The Company also changed its corporate name to "Chalk Media Corp." and its shares will resume trading under that name. The new trading symbol will be "CKM". On the same date, New Horizons Capital Corp. ("New Horizons") acquired approximately 17% of the issued and outstanding shares of the Company in a private placement. New Horizons has commenced dissolution proceedings, and has distributed the private placement shares it acquired to its own shareholders as part of the dissolution.

Item 5. Full Description of Material Change:

**Qualifying Transaction and Financing**

The Company issued 15,000,000 shares to 29 shareholders of Chalk at a deemed price of \$0.15 per share. The 15,000,000 shares issued to Chalk shareholders represent approximately 66% of the outstanding shares of the Company. All of the 15,000,000 shares issued to Chalk shareholders are subject to a four month hold period. In addition, 8,353,297 of the shares are held in escrow, in accordance with policies of the TSX Venture Exchange.

The Company also issued 3,800,000 shares to New Horizons for an aggregate purchase price of \$550,000. The shares issued to New Horizons, and now held by New Horizons shareholders, represent approximately 17% of the outstanding shares of the Company. All of the shares held by New Horizons

shareholders are subject to a four month hold period. In addition, 2,000,000 of these shares are held in escrow.

Simultaneously with the transactions described above:

- Grant Sutherland, the principal shareholder of Chalk, acquired 1,012,500 shares of the Company previously owned by insiders of the Company at a price of \$0.11 per share.
- The Company settled pre-existing indebtedness of Chalk in the amount of \$850,000, by issuing 4,250,000 special warrants to Mr. Sutherland. The special warrants will entitle Mr. Sutherland to receive an additional 4,250,000 shares of the Company without additional payment.
- Mr. Sutherland entered into a Share Subscription and Financing Agreement with the Company under which he agreed to provide up to \$1 million in additional equity financing to the Company over a period of one year, if required by the Company.

The following table shows the issued and outstanding share capital of the Company following the transactions:

	<b>Shares</b>	<b>% of Issued and Outstanding</b>
Outstanding pre-transaction	3,500,000	15.5%
Issued to Chalk shareholders	15,000,000	66.4%
Issued to New Horizons	3,800,000	16.8%
Issued to sponsor	200,000	0.9%
Issued on exercise of existing options	<u>100,000</u>	<u>0.4%</u>
<b>Total</b>	<b><u>22,600,000</u></b>	<b><u>100%</u></b>

As a result of the transactions described above, Grant Sutherland is a control person of the Company, and owns approximately 27% of the issued and outstanding shares of the Company. New Horizons was an insider of the Company prior to distributing its shares in the Company to its own shareholders, but none of the New Horizons shareholders are insiders of the Company following the distribution.

### **Directors of the Company**

The board of directors of the Company is as follows.

<b>Director</b>	<b>Position</b>
Grant Sutherland	Director, Chairman of the Board
Stewart Walchli	Director, President, and Chief Executive Officer
David Chalk	Director and Principal Performer
Michael Agerbo	Director and Chief Creative Officer
Kris Sutherland	Director, Executive Vice President, and Secretary
Marcel de Groot	Director
Bruno Gasbarro	Director

All of the individuals named above other than Bruno Gasbarro and Marcel de Groot were directors of Chalk. Mr. Gasbarro was a director of the Company prior to the transactions. Mr. de Groot was not

previously associated with either the Company or Chalk. Grant Sutherland, Bruno Gasbarro, and Marcel de Groot have been appointed to the Audit Committee and the Compensation Committee.

### **Stock Option Plan**

The Company has adopted a Stock Option Plan. The purpose of the Stock Option Plan is to attract, retain and motivate management, staff and consultants by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth.

- The maximum number of shares reserved for issuance is 4,000,000 shares.
- The total number of shares which may be reserved for issuance to any one person cannot exceed 5% of the total number of issued and outstanding common shares of the Company from time to time.
- While the shares of the Company are listed only on the TSX Venture Exchange, exercise prices for options granted under the Stock Option Plan will comply with Exchange policies.

Individual options granted under the Stock Option Plan are subject to TSX Venture Exchange approval.

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

N/A

Item 7. Omitted Information:

N/A

Item 8. Senior Officers:

Kris Sutherland  
Secretary  
Chalk Media Corp.  
280 – 4400 Dominion Street  
Burnaby, BC  
V5G 4G3

604-684-9399

Item 9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

Dated at Vancouver, British Columbia, this 27<sup>th</sup> day of November, 2003.

“Stewart Walchli”  
Stewart Walchli, Chief Executive Officer