FORM 27

SECURITIES ACT
Material Change Report under Section 85(1) of the Act

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

NOTE: Every report required to be filed under section 85(1) of the Act shall be sent to the Commission in an envelope addressed to the Commission and marked "Continuous Disclosure."

NOTE: WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIALSECTION 85", AND EVERYTHING THAT IS REQUIRED TO BE FILED SHALL BE PLACED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL".

Item 1. Reporting Issuer

DION ENTERTAINMENT CORP.
Suite 205 – 17700 #10 Highway,
Surrey. B.C., V3S 1C7

Item 2. Date of Material Change

November 24, 2000

Item 3. Press Release

Surrey, November 24, 2000

Item 4. Summary of Material Change

The Issuer has restated and re-issued its annual financial statements for the year ended December 31, 1999 to reflect a change in accounting policy regarding the measurement of the recovery of an investment or project. The Issuer will now only record a recovery of a fully provided for or substantially fully provided for investment on a cash basis instead of using an estimate of future cash flow receipts.

The Issuer had followed the practice of evaluating each year the net recoverable amounts of its investments and adjusting the allowance for impairment accordingly. The Issuer's new accounting policy is one where if an investment had previously been fully or substantially fully provided for, the Issuer will only record a recovery on this investment on a cash received basis. The restated financial statements reflect this new accounting policy and the effect when compared to the originally reported information increases the net loss for the year by one million two hundred and ten thousand dollars and the net loss per share by two and one half cents. Although this policy is to be applied retroactively, there are no years prior to the fiscal year ended 1999 in which a recovery based on the former policy is effected.

Item 5. Full Description of Material Change

See Attached Re-stated Financial Statements for the year ended December 31, 1999, in particular notes 3 and 18

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

Not Applicable

Item 7. Omitted Information

Not Applicable

Item 8. Senior Officers

Leo Dion, Chairman – (604) 575 - 0922

Item 9. Statement of Senior Officer

"The foregoing accurately discloses the material change referred to herein."
Also include date and place of making the statements.

Dated the 24th day of November, 2000 at Surrey, British Columbia

"signed"
Leo Dion, Chairman

DION ENTERTAINMENT CORP.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND DECEMBER 31, 1998

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements and related data are the responsibility of management. Management is responsible for ensuring that the financial statements are prepared in accordance with accounting principles generally accepted in Canada.

The integrity of the financial reporting process is also the responsibility of management. Management maintains systems of internal controls designed to provide reasonable assurance that transactions are authorised, assets are safeguarded, and reliable financial information is produced. Management selects accounting principles and methods that are appropriate to the Company's circumstances, and makes decisions affecting the measurement of transactions in which estimates or judgements are required to determine the amounts reported.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting. The Board has responsibility for reviewing and approving the financial statements.

The Audit Committee has responsibility for reviewing the annual financial statements and the external auditors' report and recommending the annual financial statements to the board of directors for approval.

The external auditors audit the financial statements annually on behalf of the shareholders. The external auditors have free access to management, and the Audit Committee.

Lyle Rowland (Signed) Director **Leo A. Dion (Signed) Chairman**

DION ENTERTAINMENT CORP.

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 1999 AND DECEMBER 31, 1998

ASSETS

	1999	1998
CURRENT		
Cash and term deposits	$ 297,713	$ 101,659
Accounts receivable	203,620	212,356
Inventories	146,668	164,666
Prepaid expenses and deposits	47,247	74,097
	695,248	552,778
DUE FROM RELATED PARTIES (Notes 4(a) and 4(b))	176,184	729,775
CAPITAL ASSETS (Note 5)	3,265,645	4,038,785
OTHER ASSETS (Note 6)	956,050	921,842
INVESTMENTS (Note 15)	1,083,908	-
	$ 6,177,035	$ 6,243,180

LIABILITIES

	1999	1998
CURRENT		
Accounts payable and accrued liabilities	$ 1,117,591	$ 1,703,251
Due to related parties (Note 4(e))	496,829	349,015
Current portion of long-term debt (Note 7)	1,657,441	1,618,862
	3,271,861	3,671,128
LONG-TERM DEBT (Notes 7 and 4(d))	472,055	768,520
MINORITY INTEREST	322,565	337,183
	4,066,481	4,776,831

COMMITMENTS AND CONTINGENCIES(Notes 10 and 11)
SUBSEQUENT EVENTS (Note 12)

SHAREHOLDERS' EQUITY

	1999	1998
CAPITAL STOCK (Note 8)	33,398,748	29,875,624
CONTRIBUTED SURPLUS	16,167	16,167
DEFICIT	(31,304,361)	(28,425,442)
	2,110,554	1,466,349
	$ 6,177,035	$ 6,243,180

ON BEHALF OF THE BOARD:

Leo A. Dion (Signed) Director

Lyle Rowland (Signed) Director

DION ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND DECEMBER 31, 1998

	1999	1998
BALANCE - BEGINNING OF YEAR	$28,425,442	$27,793,172
Net loss for the year	2,878,919	632,270
BALANCE - END OF YEAR	$31,304,361	$28,425,442

DION ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND DECEMBER 31, 1998

	1999	1998
REVENUES - Bingo operations	$ 6,591,091	$ 6,964,151
COSTS – Bingo operations, excluding depreciation and amortization	5,466,457	5,563,763
	1,124,634	1,400,388
EXPENSES		
Administration and business development - general	2,043,996	1,362,332
Administration - bingo operations	865,449	781,365
Interest on long-term debt	325,544	375,284
Amortization	534,925	591,403
	3,769,914	3,110,384
LOSS BEFORE OTHER ITEMS AND MINORITY INTEREST	(2,645,280)	(1,709,996)
OTHER ITEMS		
Interest and other income (Note 4(a))	191,211	450,355
Recovery of investment (Note 3 for 1999)	88,500	333,104
Provision for impairment in value of investments (Notes 6(d) and 16)	(436,241)	(93,762)
Write back of accrued liabilities (Note 19)	-	488,322
LOSS BEFORE MINORITY INTEREST	(2,801,810)	(531,977)
Minority interest	(77,109)	(100,293)
NET LOSS	$(2,878,919)	$ (632,270)
LOSS PER SHARE	$ (0.053)	$ (0.015)

DION ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND DECEMBER 31, 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$(2,878,919)	$(632,270)
Items not involving cash flows		
Amortization	534,925	591,403
Provision for impairment in value of investments	436,241	93,762
Minority interest	77,109	100,293
Loss on sale of capital assets	165,419	-
Write back of accrued liabilities	-	(488,322)
	(1,665,225)	(335,134)
Change in non-cash operating working capital	(553,123)	571,419
	(2,218,348)	236,285
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of common shares	3,523,124	8,500
Advances of long-term debt	1,470,103	100,000
Repayment of long-term debt	(1,727,989)	(271,635)
Minority interest	(91,727)	(134,780)
Advances from (to) related parties	415,164	(6,010)
	3,588,675	(303,925)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary	-	463
Capital asset additions	(160,357)	(61,937)
Other assets	(347,588)	(48,337)
Proceeds from disposal of property and equipment	417,580	-
Investments	(1,083,908)	-
	(1,174,273)	(109,811)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	196,054	(177,451)
Cash and cash equivalents - beginning of year	101,659	279,110
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 297,713	$ 101,659

ANALYSIS OF CASH AND CASH EQUIVALENTS:

Cash and term deposits	$ 297,713	$ 101,659

DION ENTERTAINMENT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998

NOTE 1 - FUTURE OPERATIONS AND GOING CONCERN CONSIDERATIONS

Dion Entertainment Corp. (the "Company") has a working capital deficiency of $2,576,613 as at December 31, 1999 (1998 - $3,118,350) together with a deficit of $31,304,361 (1998 - $28,425,442). Due to increased competition and ongoing realignment in the gaming industry and increased administration and business development costs incurred developing new business ventures, the Company has incurred a net loss of $2,878,919 during the year ended December 31, 1999 (1998 - $632,270). The Company also has certain projects which may require further financing (Notes 6 and 11) and is in the process of negotiating further sources of funding (Note 12). There is no assurance that sufficient funding, if received, will be adequate.

These financial statements are prepared on a going-concern basis which assumes the Company will realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going-concern is dependent upon its ability to obtain adequate sources of financing as required, its ability to realize on its investments and its ability to develop and maintain profitable operations.

If the Company is unable to continue as a going concern, assets and liabilities would require restatement on a liquidation basis which would differ materially from the going concern basis.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Company include the accounts of its wholly-owned subsidiaries, Great Canadian Bingo Corp., Leisure Foods Services Corp., Dion First American Inc., Bingo Plus Services America, Inc. and Bingo World Conference and Expo Inc. and its 80% owned subsidiary, Betts Island Entertainment Inc.

Investment risks

Substantially all of the Company's other assets, excluding goodwill, are related to operations located on or associated with Native North American reservations and has written off all of these loans during the current and prior years (see Note 6). The Company attempts to obtain security on its interest in these investments wherever possible, however, due to uncertainties related to the application of applicable North American and International laws and the sovereignty of Native North American tribes and foreign jurisdictions, the Company's ability to collect these receivables, recover these investments and earn a return thereon is highly dependent upon the future cash flows from these operations rather than the underlying security pledged to the Company.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Company also has amounts due from related parties and attempts to obtain security thereon whenever possible. There is no assurance, however, that the security is necessarily enforceable or can be acted upon for collection purposes in a timely manner.

The Company follows a policy of establishing criteria related to, among other things, the expected initial cost of each investment or project, the project's development schedule and the expected timing and amount of future cash flows from the investment or project. These criteria are evaluated periodically by management and, due to the nature of the projects, these criteria are amended as the related operations progress. Management follows a policy of recording a provision for the impairment of each investment in the period in which impairment is identified, based on management's assessment of the applicable net recoverable amounts which includes policies requiring the recording of an allowance for impairment value of loans under certain conditions including the full write-down of investments which are subject to significant litigation. If the estimated recoverable amount of an investment for which an allowance for impairment has previously been recorded increases, the amount of the allowance is reduced.

The Company follows a policy of recording a value impairment provision for the full amount of funded operating losses of the facility, which are in excess of the start-up expenditures projected in the economic development agreement, subsequent to the first six months of the facility's operation. In addition, the Company follows a policy of recording a loan impairment provision for all funded operating losses and 50% of the loan principal if the facility incurs operating losses during the second six months of operation. If the facility incurs operating losses during the first and second year of operations, the company follows a policy of recording a loan impairment provision for its entire investment.

However the company has revised its policy with regard to the measurement of the recovery of an investment or project. The company will now only record a recovery of a fully provided for or substantially fully provided for investment on the cash basis instead of using an estimate of future cash flow receipts (Note 3).

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, particularly the recoverability of due from related parties, capital and other assets, inventory, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Bingo revenue

In accordance with industry practice, bingo revenues are recorded as the net of gross bingo revenue, prizes paid to customers and amounts paid to charity groups and the provincial government in accordance with provincial gaming regulations.

Lottery management fee revenue

Lottery management fee revenue is earned to the extent that the collection thereon is reasonably assured.

Inventories

Inventories are valued at the lower of cost and replacement cost. Cost is determined on a first-in, first-out basis.

Stock Based Compensation Plan

The company has a stock based compensation plan which is described in Note 17**.** No compensation expense is recognized for this plan when stock or stock options are issued to employees, officers or directors. Any consideration paid on the exercise of stock options or purchase of stock is credited to share capital.

Capital assets

Capital assets are stated at cost. Amortization is provided, based on estimated useful life, using the following methods and annual rates:

Declining-balance method:	
Buildings	4%
Furniture and equipment	20%
Straight-line method:	
Leasehold improvements	10%

Goodwill

Goodwill relates to acquisitions of bingo operations and goodwill arising on consolidation and is amortized on a straight-line basis over periods not exceeding ten years.

The Company reviews the carrying value of goodwill by estimating its fair market value on a non-discounted basis. If an impairment of goodwill is found to exist, the carrying value is written down to fair market value.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currency translation

The Company's foreign operations are translated into Canadian dollars using period-end exchange rates for monetary assets and liabilities, historical rates for non-monetary items and average annual rates for revenue and expense items. Translation gains or losses are included in the determination of earnings, except for gains or losses arising on the translation of long-term monetary items, which are deferred and amortized over the lives of those items.

Basic earnings per share

Basic earnings per share has been calculated using the weighted average number of shares outstanding during the year.

NOTE 3 – CHANGE IN ACCOUNTING POLICY

The company has changed its accounting policy with regard to the recovery of investments. The company had followed the practice of evaluating each year the net recoverable amounts of its investments and adjusting the allowance for impairment accordingly. The company's new accounting policy is one where if an investment had previously been fully or substantially fully provided for, the company will only record a recovery on this investment on a cash received basis. These financial statements reflect this new accounting policy. Although this policy would be applied retroactively, there are no years prior to the fiscal year ended December 31,1999 in which a recovery based on the former policy is affected. See Note 18 for the effect of this change.

NOTE 4 - RELATED PARTY TRANSACTIONS

a) In 1998 the company included in interest income $99,410 (1999 - $nil) on a receivable from Madison Development Group Inc., which is an entity controlled by shareholders who are also officers or directors. The receivable bears interest at 10% per annum and is secured by certain assets of the related parties, as well as personal guarantees.

In 1999, the company negotiated a settlement with Madison Development Group Inc. reducing this receivable by $99,448 (Note 16).

b) During the year ended December 31, 1998, the Company advanced $191,028, to Double Eagle Entertainment Corporation, which is controlled by a shareholder of the Company.

The company has provided $186,793 against this receivable as Double Eagle Entertainment Corporation has been unsuccessful in being relisted on the Canadian Venture Exchange (Note 16).

NOTE 4 - RELATED PARTY TRANSACTIONS (Cont'd)

c) During the year ended December 31, 1999, loan guarantee fees of $62,500 (1998 - $nil) were charged to the Company by a shareholder who is an officer and director of the Company. The fees paid were to secure a loan (Note 4(d)) for the company from a corporation owned by another shareholder of the company.

d) During the year the company secured a loan of $1,375,000 from a company controlled by a shareholder of this company. The loan bears interest at 20% per annum and is repayable on June 14, 2000 (Note 7). The agreement also provides for the payment to the lender of an initial fee of $125,000 and a second fee of $125,000 due on the maturity date.

e) The amounts due of $496,829 (1998 - $349,015) to related parties are to shareholders, who are also officers or director's or entities controlled by these individuals.

NOTE 5 - CAPITAL ASSETS

Capital assets comprised the following:

	Cost	Accumulated Amortization	1999 Net Book Value	1998 Net Book Value
Land	$ 486,840	$ -	$ 486,840	$ 787,521
Buildings	2,482,819	686,664	1,796,155	2,153,845
Furniture and equipment	3,016,682	2,403,395	613,287	685,122
Leasehold improvements	1,736,151	1,366,788	369,363	412,297
	$7,722,492	$4,456,847	$3,265,645	$4,038,785

NOTE 6 - OTHER ASSETS

	1999	1998
Goodwill – Bingo Hall acquisitions	$ 1,184,722	$ 1,184,722
Less accumulated amortization	(1,124,949)	(1,006,477)
	59,773	178,245
Goodwill arising on consolidation	659,552	659,552
Less accumulated amortization	(131,910)	(65,955)
	527,642	593,597
Investment in Wolf Gaming L.L.C. (Note 6(a))	1,215,721	1,380,775
Less allowance for impairment in value	(1,215,721)	(1,380,775)
	-	-
Fort Folly project (Note 6(b))	5,537,921	5,537,921
Less allowance for impairment in value	(5,537,921)	(5,537,921)
	-	-
St. Mary's Project (Note 6(c))	1,295,062	1,383,562
Less allowance for impairment in value	(1,295,062)	(1,383,562)
	-	-
On line and T.V. Bingo Projects (Note 6(e))	368,635	-
Slahal Entertainment Ltd. (Note 6(d))	150,000	150,000
Less allowance for impairment in value	(150,000)	-
	-	150,000
	$ 956,050	$ 921,842

a) In November 1997, Wolf Gaming LLC ("Wolf") defaulted on the U.S.$2,000,000 term loan due to the Company. As a result, the Company was assigned approximately Cdn $1,500,000 in Wolf's receivables. During the year, the Company did not received any cash (1998 - $333,104). The Company continues its effort to collect these assigned receivables. It is seeking judgment against one of these creditors for an amount of U.S. $698,000.

NOTE 6 - OTHER ASSETS (Cont'd)

b) Effective August 31, 1994, the Company entered into an economic development agreement with the Fort Folly First Nation and Fort Folly Economic Development Corporation. Under the terms of the agreement, the Company developed, financed and is managing a gaming facility on the First Nation's land. For these services, the Company receives 49% of the net annual profits of the facility for a fifteen year term. All loans made by the Company to the project were initially expected to be recovered over a five year period out of the net revenues of the facility prior to the distribution of net profits. All loans bear interest at prime plus 1%.

During the year ended December 31, 1999, the Company recorded a provision for impairment of $nil (1998 - $47,612).

Management of the Company has provided its financial support to the facility on the basis of the facility developing its business and repaying its loan over a five year period. The ultimate success of the facility depends on a number of factors including its ability to obtain ongoing financing during the development stage, its ability to increase attendance at the facility and its ability to generate profitable operations. The gaming industry is characterized by rapidly changing technologies, government regulations, evolving standards and frequent new gaming product introduction. There can be no assurance that the facility will successfully obtain financing, increase attendance or generate profitable operations.

c) Effective February 21, 1995, the Company entered into an economic development agreement with the St. Mary's First Nation and St. Mary's Economic Development Corporation. Under the terms of the agreement, under certain conditions, the Company is required to develop, finance and manage a gaming facility on the First Nation's land. For these services, the Company will receive 49% of the net annual profits of the facility for a fifteen year term. All loans made by the Company to the project were expected to be recovered over a five year period out of the net revenues of the facility prior to the distribution of net profits. All loans bear interest at prime plus 1%.

During the year ended December 31, 1996, the Company entered into a joint financing arrangement with a development company to finance, develop and manage the gaming facility on the St. Mary's First Nation's land. The Company has a 51% interest in the arrangement and is responsible for 30% of advances to the projects at the construction phase and a 51% proportionate share of the liabilities of the arrangement. Cash provided from the arrangement will be applied first to reduce liabilities and debt of the arrangement and any surplus will be allocated to the Company and the development company in accordance with their proportionate share.

NOTE 6 - OTHER ASSETS (Cont'd)

The Company follows a policy of recording a value impairment provision on these investments as described in (Notes 2 and 3)

d) In 1997, the company invested $150,000 to secure future management bingo contracts. Due to Government changes with regard to new bingo operations, it is unlikely that the company will realize on this investment and the amount has been fully provided for (Note 16).

e) During the year the Company capitalized $368,635 of costs related to their On Line and T.V. Bingo projects, in expectation of matching these expenses against future revenues.

NOTE 7 - LONG-TERM DEBT

	1999	1998
Mortgage, bearing interest at prime plus 1%, payable in monthly principal instalments of $2,061, secured by the Company's property, building and equipment located in Prince Albert, Saskatchewan and due July, 2003.	$ -	$152,339
Demand loan, bearing interest at prime plus 1.5% payable in monthly principal and interest instalments of $15,750, secured by the Company's property, building and equipment located in Prince Albert, Saskatchewan, a fixed and floating charge debenture, a general security agreement and guarantees signed by the Company, Skye Island Holdings and the president of Skye Island Holdings.	563,006	698,790
Convertible debenture, bearing interest at 15%.	-	300,000
Convertible debenture, interest paid by issuance of 52,500 common shares of the Company at a price of $0.25 each and due March 25, 1999.	-	100,000

NOTE 7 - LONG-TERM DEBT (Cont'd)

	1999	1998
Vehicle loan, bearing interest at 1.9% and payable in monthly principal and interest instalments of $845.	-	36,702
Vehicle loan, bearing interest at 8.25% and payable in monthly principal and interest instalments of $406.	22,526	25,414
Debenture, bearing interest at lender's cost of funds plus 3%, payable in monthly principal instalments of $5,400, secured by the Company's property and building located in Regina, Saskatchewan.	33,550	98,350
Loan, bearing interest at prime plus 1.5%, payable in monthly principal instalments of $3,792 plus interest, secured by the assets of R Bingo located in Regina, Saskatchewan.	-	37,917
Loan, bearing interest at prime plus 1%, payable in monthly principal instalments of $1,190 plus interest, secured by the assets of R Bingo located In Regina, Saskatchewan.	3,610	17,890
Vehicle loan bearing interest at 7.9% and payable in monthly principal and interest instalments of $968.	47,193	-
Loan bearing interest at 15% compounded monthly with monthly interest payments due June 30, 2000.	84,611	-
Loan bearing interest at 20% per annum repayable on June 14, 2000 with monthly payments of interest only. The loan is secured by all of the assets of the Company and personal guarantees of certain directors, officers and shareholders (Notes 4(c) and 4(d)). Subsequent to June 14,2000, the Company extended its repayment terms of the loan indefinitely, and is on a demand basis.	1,375,000	-

NOTE 7 - LONG-TERM DEBT (Cont'd)

	1999	1998
Loan, bearing interest at 20% per annum, repayable on April 1, 1998. The loan is secured by all of the assets of Dion First American Inc. and the Company and personal guarantees of certain directors, officers and shareholders.	-	919,980
	2,129,496	2,387,382
Less current portion	(1,657,441)	(1,618,862)
	$ 472,055	$ 768,520

Principal due within each of the next five fiscal years is as follows:

2000	$1,657,441
2001	174,009
2002	188,595
2003	99,470
2004	9,981
	$2,129,496

NOTE 8 - CAPITAL STOCK

Authorized:
Unlimited number of common shares
Unlimited number of preferred shares

Issued:

	1999 Number of Shares	1999 Amount	1998 Number of Shares	1998 Amount
Balance-beginning of year	48,931,730	$29,875,624	34,497,998	$28,770,398
Shares issued during the year				
On conversion of warrants	1,333,333	200,000	-	-
For Private placements	1,002,566	1,935,448	-	-
For services rendered in respect of finders fees (Note 13)	1,000,000	60,000	-	-
As a payment of a signing incentive	750,000	120,000	-	-
On exercise of share purchase options	1,760,175	485,676	100,000	8,500
On conversion of debenture	2,707,692	400,000	2,531,232	296,351
On settlement of debt	95,625	153,000	700,000	98,000
As payment of debenture interest	-	-	52,500	13,125
For services rendered	50,000	169,000	1,050,000	89,250
For acquisition of of a subsidiary	-	-	10,000,000	600,000
	8,699,391	3,523,124	14,433,732	1,105,226
Balance-end of year	57,631,121	$33,398,748	48,931,730	$29,875,624

NOTE 9 - INCOME TAXES

No provision for income tax recoveries has been recorded in these financial statements for the years ended December 31, 1999 and 1998 as the Company does not have reasonable assurance of realizing these potential benefits.

At December 31, 1999, the Company had accumulated losses for income tax purposes of approximately $13,976,000.

The income tax losses expire as follows:

2000	$ 3,115,000
2001	2,069,000
2002	2,457,000
2003	2,835,000
2004	1,050,000
2005	2,450,000
	$13,976,000

These amounts are available to reduce future years' earnings for income tax purposes, the benefits of which are not recognized in the financial statements.

NOTE 10 - COMMITMENTS

The Company rents building space under long-term operating leases which expire at varying times between 2000 and 2005. Payments committed to under these leases for the next five fiscal years:

2000	$ 508,080
2001	423,638
2002	328,824
2003	328,824
2004	206,719
	$1,796,085

NOTE 11 - CONTINGENCIES

a) The Company, on November 13, 1997, filed a notice of action against St. Mary's First Nation claiming injunction and declaratory relief, special and general damages, interest and costs for breach of contract. The defendants filed defense and a counter claim against the company for damages for negligent misrepresentation with respect to management, expertise and projected revenues. Since these amounts cannot be determined accurately, the Company has not accrued any income or provided for the damages that may result from this action.

b) There exists a wrongful dismissal claim against the Company in the amount of $125,000. The matter has proceeded to trial and judgment is pending. This amount has not been accrued in the financial statements.

c) There exists a wrongful dismissal and breach of contract claim against the company, for an amount of $326,974 and punitive damages with interest at 10% per annum from October 31, 1997. The Company has filed a statement of defense denying that the plaintiffs were in fact employees of the company. The Company has not accrued any amounts in respect of this claim as these amounts cannot be determined accurately. This contingency is being defended and remains as such until a court rules in this matter.

Furthermore, the Company has made claims against other third parties concerning this matter. The company has not set off its claim from third parties against the amounts discussed above.

NOTE 12 - SUBSEQUENT EVENTS AND PROPOSED TRANSACTIONS

a) In June 2000, the company issued 97,492 shares for consideration of $49,721 under the terms of a private placement agreement.

b) In October 2000, and subject to regulatory approval, the Company entered into a Private Placement Agreement whereby 200,000 common shares would be issued at a price of $0.50 per share.

c) Subsequent to the year end, the Company issued shares under the terms of its stock option plan as follows:

	Share Issued	Consideration
January 2000	$ 485,000	$121,850
February 2000	175,000	14,875
May 2000	100,000	8,500
June 2000	100,000	8,500
August 2000	200,000	116,000
October 2000	200,000	17,000
Total	$1,260,000	$286,725

NOTE 12 - SUBSEQUENT EVENTS AND PROPOSED TRANSACTIONS (Cont'd)

d) Subject to regulatory approval, the Company has entered into a an arrangement that would exchange its investment in the Fort Folly Project (Note 6(b)) for 9,000,000 common shares of Consolidated Argarwal Resources Ltd. (representing approximately 70% of the issued capital stock), a publicly traded company, and cash of $80,000.

e) In September 2000, the Company agreed to arbitration regarding an agreement entered into on December 31,1995. The claimants contend that the Company had breached its contract to purchase certain bingo assets and have not yet submitted a statement indicating the amount of their claim. Management cannot reasonably estimate the amount of claim.

f) In June 2000, the Company amended its stock option plan increasing the number of shares which may be issued pursuant to options granted under the plan from 7,000,000 to 10,000,000 shares.

g) In October 2000, the company entered into a loan agreement whereby it agreed to borrow $1,250,000 bearing interest at 20% per annum, compounded monthly, payable as to interest and principle on December 2,2000. This loan was secured from a company controlled by a shareholder of this Company. A bonus in the amount of $45,000 is also payable on December 1,2000. The loan is secured by all the assets of the Company and personal guarantees of certain directors, officers and shareholders.

NOTE 13 - ACQUISITION OF SUBSIDIARY

Bingo World Conference and Expo Inc. was acquired on January 1, 1998. The fair values of assets acquired and liabilities assumed were as follows:

Cash	$ 463
Total assets other than cash	680,207
Total liabilities	(20,670)
	$660,000

The purchase consideration was 10,000,000 common shares of the Company at a price of $0.06 per share (Note 8). The finder fee was 1,000,000 common shares of the Company at a price of $0.06 per share. During 1999 the Company issued common shares for the finders fee which was accrued in 1998 (Note 8).

NOTE 14 - FINANCIAL INSTRUMENTS

a) Fluctuations in Foreign Currency Exchange Rates

The Company has operations in the United States and as such its revenue, expenditures, monetary assets and liabilities will be affected by fluctuations in foreign currency exchange rates. The Company does not use foreign exchange forward contracts to manage foreign exchange risk.

b) Fair Value

Cash and term deposits, accounts receivable, accounts payable and accrued liabilities

Due to the short period to maturity of the instruments, the carrying values as presented in the consolidated balance sheet are reasonable estimates of fair value.

c) Credit Risk

The Company is exposed to credit risk that arises from the quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the Company provides services may experience financial difficulty and be unable to fulfil their obligations. There was no material concentration of credit risk as at December 31, 1999.

d) Interest Rates

Interest is payable on long term debts and as such the Company is exposed to interest rate fluctuations.

NOTE 15 - INVESTMENTS

Investments are comprised as follows:

Marketable securities	$ 712,900
Interest in TV Game Show (USA limited liability Company)	371,008
Total	$1,083,908

The investments are shown at cost. The fair market value at December 31, 1999 was not materially different.

Subsequent to December 31, 1999, the marketable securities were sold for an amount not significantly different from its cost price.

The interest in the TV Game Show is carried at cost with no specific terms or conditions which may impact the amounts, timing and the certainty of future cash flows.

NOTE 16 – PROVISION FOR IMPAIRMENT IN VALUE OF INVESTMENTS

	1999	1998
Four Winds Project	$ -	$(47,612)
Millbrook Project	-	(15,000)
Edmundston Project	-	(30,425)
Double Eagle Entertainment Corp. (Note 4(b)	(186,793)	-
Slahal Entertainment Ltd. (Note 6(d))	(150,000)	-
Madison Development Group Inc. (Note 4(a))	(99,448)	-
Others	-	(725)
	$(436,241)	$(93,762)

NOTE 17 – INCENTIVE STOCK OPTION PLAN

The Company has a stock option plan which allows the directors, from time to time, and at their discretion, to grant to employees, officers, or directors of the Company or any of its subsidiaries, or to a holding corporation controlled by any such person, the right or option to purchase all or any part of an aggregate of 7,000,000 Common shares in the capital stock of the corporation. The number of shares is subject to adjustment.

Among other restrictions, no option can be granted under this plan if the number of common shares reserved for issuance exceeds 10% of the number of common shares issued on a fully diluted basis. Furthermore an issuance to any one insider within a one year period cannot exceed 5% of the number of common shares issued on a fully diluted basis.

The vesting arrangements vary from option to option and are determined by the directors at the time of the issuance.

A summary of the status of the Company's plan is as follows:

	Shares	Weighed-Average Exercise Price
Outstanding at beginning of year	4,137,203	$0.463
Granted	3,086,000	1.273
Exercised	(2,289,175)	0.837
Forfeited	(256,778)	1.901
Outstanding at end of year	4,677,250	0.728

NOTE 17 – INCENTIVE STOCK OPTION PLAN (Cont'd)

As at December 31,1999, the 4,677,250 shares outstanding under the Plan have exercise prices between $0.085 and $6.19 and a weighted-average remaining contractual life of 3.5 years. The Company expects that approximately 85**%** of the non-vested awards at December 31, 1999 will eventually vest based on historical results.

NOTE 18 – CHANGES TO FINANCIAL INFORMATION

As outlined in note 3 the Company has revised its accounting policy regarding recovery of investments. The effect to the financial statements when compared to the originally reported information is as follows:

Net loss for the year (increase)	$1,210,000
Net loss per share (increase)	$ 0.025

NOTE 19 – WRITE-BACK OF ACCRUED LIABILITIES

Write-back of accrued liabilities comprised the following:

	1999	1998
Fort Folly Project	$ -	$388,322
St. Mary's Project	-	100,000
	$ -	$488,322

In prior years, the Company accrued the operating liabilities of the gaming facilities. Since the economic development agreements (the "Agreements") of the above two projects were unilaterally terminated by the other parties, the Company's management is of the opinion that the Company no longer has to share or bear the operating liabilities of the gaming facilities incurred by the other parties to the Agreements. Hence, during the year ended December 31, 1998, the Company wrote back expenses of $488,322 which had been accrued in prior years.

DION ENTERTAINMENT CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND DECEMBER 31, 1998

NOTE 20 – SEGMENTED INFORMATION

	1999			1998		
	Bingo Operations	Distribution, Casino, Management and Lottery Operations	Total	Bingo Operations	Distribution, Casino, Management and Lottery Operations	Total
REVENUE	$6,591,091	$ -	$ 6,591,091	$ 6,964,151	$ -	$ 6,964,151
Segment gross margin	1,124,634	-	1,124,634	1,400,388	-	1,400,388
Administration and business development	(865,449)	(2,043,996)	(2,909,445)	(781,365)	(1,362,332)	(2,143,697)
Interest on long-term debt	(82,615)	(242,929)	(325,544)	(100,325)	(274,959)	(375,284)
Amortization	(425,726)	(109,199)	(534,925)	(499,326)	(92,077)	(591,403)
Interest and other income	191,211	-	191,211	199,278	251,077	450,355
Recovery of investment	-	88,500	88,500	-	333,104	333,104
Provision for loan impairment	-	(436,241)	(436,241)	-	(93,762)	(93,762)
Write-back of accrued liabilities	-	-	-	-	488,322	488,322
Minority interest	(77,109)	-	(77,109)	(100,293)	-	(100,293)
Net earnings (loss) for the year	$ (135,054)	$(2,743,865)	$(2,878,919)	$ 118,357	$ (750,627)	$ (632,270)

CAMPBELL, SAUNDERS & CO.
Chartered Accountants

NE
XIA
INTERNATIONAL

AUDITORS' REPORT

TO: The Shareholders of
Dion Entertainment Corp.

We have audited the consolidated balance sheets of **Dion Entertainment Corp.** as at December 31, 1999 and December 31, 1998 and the consolidated statements of operations, deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1999 December 31, 1998 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Our previous report dated April 24, 2000 has been withdrawn and these financial statements have been revised to give effect to the change in accounting policy as outlined in Note 3.

Campbell, Saunders & Co.

CHARTERED ACCOUNTANTS

Vancouver, B.C.
November 7, 2000

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