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
(Previously Form 27)

Securities Act

MATERIAL CHANGE REPORT

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.

N0OTE: If this report is filed on a confidential basis, put at the beginning of the report in block capitals "CONFIDENTIAL - SECTION 85", and file in an envelope marked "Confidential – Attention: Supervisor, Financial Reporting".

Item 1: Reporting Issuer

Dion Entertainment Corp.
#205 – 17700 #10 Highway
Surrey, B.C.
V3S 1C7
(the "Issuer")

Item 2: Date of Material Change

October 18, 2001

Item 3: Press Release

Press Release was sent disseminated on October 18, 2001 via Canada News Wire and SEDAR

Item 4: Summary of Material Change

The Issuer has entered into an agreement with certain shareholders (the "Vendors") of Gametele Systems Inc. of Mississauga, Ontario ("Gametele") to purchase a majority of the shares of Gametele and has offered to purchase all shares held by the remaining shareholders. As consideration for the Gametele shares, the Issuer has agreed to issue one common share for every five shares of Gametele tendered at closing. The Vendors have agreed that on closing there will not be more than 18,465,903 shares of Gametele issued and outstanding and it is expected that the actual amount will be less than 16,000,000 shares. It is a condition of closing that, in addition to the shares held by the Vendors, the remaining shareholders of Gametele tender enough shares to enable the Issuer to acquire at least 91% of the outstanding Gametele shares.

Gametele is the owner of Bingo Trax, a proprietary system that manages the sale of generic bar coded bingo tickets. The system consists of remote terminals, central system servers and software, which operates the two. Gametele presently has an inventory of 3,500 of the remote terminals. The system is offered to operators of media bingo games, who may either purchase or lease the system, on a fixed or percentage basis, and use it to administer the sale and tracking of bingo cards used in anything from a daily newspaper bingo game to a televised bingo.

In addition, ZTEST Electronics Inc. (“ZTEST”) of Mississauga, Ontario a significant shareholder in Gametele, is owed $4,964,615 by Gametele. ZTEST has agreed to accept 400,000 common shares of the Issuer on closing in settlement of 10% of the debt with the balance secured by a debenture over the assets of Gametele. ZTEST has also agreed to grant the Issuer an option to convert that debt and any interest thereon to shares of the Issuer on the basis of one share for every $1.2412 of the debt and interest. The Issuer is not obligated to exercise the option and is not in any way liable for any part of the debt, except that the Issuer has granted ZTEST an option to convert the debt to shares of the Issuer, at the same rate, at any time on or after the date that is six months following closing if, and only if, Gametele is in default of repayment of principal or interest under the debenture but not otherwise.

The acquisition of Gametele and the related transactions are subject to regulatory approval.

Item 5: Full Description of Material Change

The Issuer has entered into an agreement with certain shareholders (the “Vendors”) of Gametele Systems Inc. of Mississauga, Ontario (“Gametele”) to purchase a majority of the shares of Gametele and has offered to purchase all shares held by the remaining shareholders. As consideration for the Gametele shares, the Issuer has agreed to issue one common share for every five shares of Gametele tendered at closing. The Vendors have agreed that on closing there will not be more than 18,465,903 shares of Gametele issued and outstanding and it is expected that the actual amount will be less than 16,000,000 shares. It is also expected that, at closing, the Vendors will own approximately 10,000,000 shares, but it is a condition of closing that, in addition to the shares held by the Vendors, the remaining shareholders of Gametele tender enough shares to enable the Issuer to acquire at least 91% of the outstanding Gametele shares. This condition may be waived by Dion Entertainment prior to closing if it so chooses.

Gametele is the owner of Bingo Trax, a proprietary system that manages the sale of generic bar coded bingo tickets. The system consists of remote terminals, central system servers and software, which operates the two. Gametele presently has an inventory of 3,500 of the remote terminals. The system is offered to operators of media bingo games, who may either purchase or lease the system, on a fixed or percentage basis, and use it to administer the sale and tracking of bingo cards used in anything from a daily newspaper bingo game to a televised bingo.

Bingo players would purchase their bingo cards at retail stores where the remote terminals would be located and then could play the media bingo game, through T.V. or newspaper, at home for cash prizes. The system provides complete tracking and verification of bingo ticket sales and inventories as well as producing invoices detailing amounts owing to the game operators. Gametele can either sell a system outright or own and operate the system for the benefit of the charitable groups, earning a fee for every ticket sold in the process.

ZTEST Electronics Inc. of Mississauga, Ontario, an electronics manufacturer has designed and manufactured the remote terminals for Gametele in the past and has agreed to continue to do so after closing.

In addition to the manufacturing arrangement, ZTEST is a significant shareholder in Gametele and is owed $4,964,615 by Gametele. ZTEST has agreed to accept 400,000 common shares of the Issuer on closing in settlement of 10% of the debt with the balance secured by a debenture over the assets of Gametele. The debenture will call for the payment of principal installments as follows:

10% of the principal six months after closing;
10% on the first anniversary of closing;
10% of the principal six months after the first anniversary of closing;
10% on the second anniversary of closing;
20% on the third anniversary of closing;
20% on the four anniversary of closing; and
20% on the fifth anniversary of closing;

together with interest thereon, at the rate of six per cent (6%) per annum, calculated and compounded annually from the first anniversary date of closing, not in advance, and to pay such interest annually in arrears commencing on the fourth installment date and on each installment date thereafter, both before and after maturity, default and judgment.

ZTEST has also agreed to grant the Issuer an option to convert that debt and any interest thereon to shares of the Issuer on the basis of one share for every $1.2412 of the debt and interest. The Issuer is not obligated to exercise the option and is not in any way liable for any part of the debt, except that the Issuer has granted ZTEST an option to convert the debt to shares of the Issuer, at the same rate, at any time on or after the date that is six months following closing if, and only if, Gametele is in default of repayment of principal or interest under the debenture but not otherwise.

If the Issuer chooses to exercise its option on each installment date, in addition to the 400,000 shares to be issued on closing, it would issue shares to ZTEST on the following basis:

360,000 shares six months after Closing
360,000 shares 12 months after Closing
360,000 shares 18 months after Closing
360,000 shares 24 months after Closing plus 161,994 shares for interest (12 mos. @ 6%)
720,000 shares 36 months after Closing plus 129,596 shares for interest (12 mos. @ 6%)
720,000 shares 48 months after Closing plus 86,397 shares for interest (12 mos. @ 6%)
720,000 shares 60 months after Closing plus 43,199 shares for interest (12 mos. @ 6%)

Mr. Bill Danychuk has resigned as President of the Company and is being replaced by the former President and current Chairman, Mr. Leo Dion. Mr. Danychuk has agreed to continue with the Issuer as a consultant to assist in particular with the establishment of new operations for Gametele.

The acquisition of Gametele and the related transactions are subject to regulatory approval.

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 that reliance. Not applicable.

For continuing obligations regarding reports filed under this subsection, refer to section 85 (3) of the Act and Part 3.4 of the SEDAR Filer Manual.

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.

DATED as of this 23rd day of October, 2001 at Surrey, British Columbia.

DION ENTERTAINMENT CORP.

Per:

“signed”

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Leo Dion, Chairman