

MATERIAL CHANGE REPORT

1. **Reporting Issuer:**

Pelorus Navigation Systems Inc. ("Pelorus" or the "Corporation")
5418 - 11th Street N.E.
Calgary, Alberta T2E 7E9

2. **Date of Material Change:**

September 25, 2000

3. **Publication of Material Change:**

A press release was issued on September 27, 2000.

4. **Summary of Material Change:**

Pelorus Navigation Systems Inc. ("Pelorus") announced that it closed its previously announced offering of 6% Convertible Secured Subordinate Debentures (the "Debentures") offered through Jennings Capital Inc. The non-redeemable Debentures pay interest of six percent (6%) on the principal amount per annum, payable monthly. The Debentures may be converted into common shares at a conversion price of \$1.50 per common share and the Debentures mature eighteen (18) months from the date of their issuance with an option for an eighteen (18) month extension. Gross proceeds of \$1,800,000 were received.

5. **Full Description of Material Change:**

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Pelorus Navigation Systems Inc. is a global provider of products and services to facilitate safe, reliable aircraft landings. Pelorus designs, manufactures, installs and maintains navigational systems for airports, and markets its products and services through its own direct sales force and a worldwide network of agents and strategic alliances. Pelorus' head office is located in Calgary, Alberta, with manufacturing facilities in Calgary and Saskatoon, Saskatchewan. A wholly-owned subsidiary, Pelorus AustralAsia Pty Limited, is headquartered in Sydney, Australia, with a sales office in Beijing.

6. **Reliance on Confidential Filing Provision:**

Not applicable.

7. **Omitted Information:**

Not applicable.

8. **Senior Officers:**

Michael C.J. Beamish
President and Chief Executive Officer

Geoffrey Bennett
Vice-President, Chief Financial Officer and Secretary

Tel: 403-730-5555

Fax: 403-730-5511

9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to herein.

DATED at Calgary, Alberta, this 28th day of September, 2000.

B. Geoffrey Bennett
Chief Financial Officer
Pelorus Navigation Systems Inc.

cc: The Toronto Stock Exchange