

MATERIAL CHANGE REPORT

Subsection 75(2) of the *Securities Act* (Ontario)

1. **Reporting Issuer**

Sextant Entertainment Group Inc. ("Sextant")
(formerly Rhodelta Software Inc.)
Suite 300 - 1380 Burrard Street
Vancouver, BC V6Z 2H3

2. **Date of Material Change**

June 1, 2000

3. **Press Release**

Press Releases were issued on June 1, 2000.

4. **Summary of Material Change**

Sextant announced its first quarter financial results. Sextant also announced that its wholly-owned subsidiary, Pacific Motion Pictures Inc. has agreed to produce the two hour television event movie classic "Snow White" in association with Hallmark Entertainment Corporation.

5. **Full Description of Material Change**

Sextant Entertainment has released its financial results for the quarter ended March 31, 2000, posting a loss of \$0.09 per share. "The results are consistent with our expectations and reflect the fact that we are in the early stages of implementing our business plan," states Martin Johnson, Chief Financial Officer of the Company. "Although the companies that we have acquired have a number of years of operating history, this is basically our start-up year and the majority of our revenue for the year is not expected to be recognized until later in the year," adds Mr. Johnson.

Sextant has experienced considerable growth over the first quarter. Staff of the Company and its subsidiaries has grown to 147 full time employees, occupying over 44,000 square feet of office space. The current production slate includes 9 projects with revenue from the slate estimated at \$175 million through 2001. The highlights for the first quarter include the acquisitions of Pacific Motion Pictures Inc. and THA Media and Associates Inc., respectively, announced earlier this year.

STATEMENT OF EARNINGS

Quarter ended March 31, 2000

	<u>2000</u>	<u>1999</u>
Revenue	\$ 573,271	\$ 10
Expenses	<u>1,206,164</u>	<u>1,610</u>
Loss for the year	<u>\$ (632,893)</u>	<u>\$ (1,236)</u>
Loss per share	\$ (0.09)	\$ -

Sextant Entertainment is an integrated film production, television production and distribution company with an emphasis on international co-production and is actively involved in the development of new media content for dissemination worldwide.

Matthew O'Connor, co-president of production for Sextant Entertainment Group Inc., is pleased to announce that Sextant's wholly-owned subsidiary, Pacific Motion Pictures Inc., has agreed to produce the two hour television event movie classic *Snow White* in association with Hallmark Entertainment Corporation. Hallmark is the world's largest producer of event television and mini-series. The project has a preliminary budget of \$16 million (Cdn) and is scheduled for broadcast on the ABC Network as a major suite event during the 2000/2001 television season.

This adaptation of the classic story of *Snow White* will make extensive use of cutting edge digital effects produced in-house at Sextant's Vancouver production facility. Caroline Thompson, whose writing credits include *Edward Scissorhands* and *The Nightmare before Christmas* has written the screenplay and will be directing the project as well. "We are very excited to add this type of project as it fits perfectly with our mandate of producing quality 'evergreen' family entertainment," states Mr. O'Connor. "Having another product of this calibre and shelf life should allow us to achieve enhanced profitability through higher margins relative to the majority of other Canadian production companies," adds CFO Martin Johnson.

Sextant Entertainment Group Inc. is dedicated to producing, globally distributing and exploiting world-class family entertainment properties in all visual media.

6. **Reliance on Subsection 75(3) of the Securities Act (Ontario)**

Not applicable.

7. **Omitted Information**

