

Form 27
Securities Act (Ontario)

MATERIAL CHANGE REPORT UNDER SECTION 72(5) OF THE ACT

1. Reporting Issuer

Atlantic Systems Group Inc.

2. Date of Material Change

June 30th, 2000

3. Press Release

A press release was issued in Fredericton, New Brunswick through the business wire, a copy of which is attached hereto as Schedule "A".

4. Summary of Material Change

Atlantic Systems Group Inc. ("ASG") announced that it has entered into contract for collaborative software development with Nortel Networks Inc.

5. Full Description of Material Change

On June 30th, 2000, ASG announced that it has entered into a multi-year contract with Nortel Networks Inc. to supply Passwerks® software components for use in one or more Nortel Networks' product lines. This contract represents substantial obligations for ASG to fulfil and perform, including the provision of software, and the maintenance and support of same, as set out in the contract, for a period of thirty-six (36) months.

As remuneration for its services, ASG will be paid an initial advance on licence fees of \$150,000 USD, and annual support fees equivalent to \$100,000 USD per year. ASG expects, based on Nortel Network's sales projections, that additional licence fee revenues in excess of \$15,000,000 USD over the life of the contract will be generated for ASG. The bulk of the additional revenue is expected in years 2001 and 2002.

6. Reliance on Section 75(3) of the Act

Not applicable.

7. Omitted Information

Not applicable.

8. Senior Officer

For more information, please contact Jon Downey at ASG, at (506) 460-5400 ext. 207.

9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Fredericton, New Brunswick, this 30th day of June, 2000.



Pieter Natte
Chief Executive Officer

IT IS AN OFFENCE FOR A PERSON TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THIS REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

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For Immediate Release; Embargo: Not for Release or Publication in the U.S.

ASG Technologies to Provide Passwerks® Technology to Nortel Networks

Fredericton, New Brunswick — June 30, 2000: ASG Technologies (ASG) today announced that discussions with Nortel Networks have resulted in the signing of a software and services contract. This agreement brings ASG under contract to provide Passwerks™ software for incorporation into Nortel Networks' SuperNode Data Manager (SDM) solution.

ASG's Passwerks technology will help Nortel Networks' network management solution by providing authentication capabilities with increased security. Using this module of the Passwerks suite allows for future adoption of other efficiency, productivity and administrative capabilities that represent the leading edge of network element management and utilisation.

ASG's Passwerks software was designed specifically to enhance and extend the capabilities of large-scale networks, and represents an excellent solution for increased efficiency and productivity in a tightened security framework. The product's flexible and distributed design enables any network to expand and grow in a centralized and secure manner. Passwerks' modular design allows for the incorporation of additional features such as profile management, hierarchical access permissions, and advanced auditing and logging capabilities.

"It is gratifying that a recognised leader in the Internet industry has selected our software and expertise," said Pieter Natte, ASG's CEO. "Working co-operatively with Nortel Networks, we will be providing a comprehensive solution in concert with on-going developments taking place at Nortel Networks."

The contract, signed on June 29th, 2000 is effective for a period of three years and represents a significant increase in revenue generation for ASG.

About ASG Technologies: ASG Technologies operates out of Fredericton, New Brunswick, and has over a decade of experience in the networking and information security markets. The company has extensive expertise in designing and implementing enterprise-wide network security and telecommunications solutions, and markets a full line of network security software including Single Sign-on and Internet Content Management products.

ASG Technologies is publicly traded over the counter on the Canadian Dealer Network (CDN OTC: ASGT). ASG Technologies currently has 20,121,074 common shares issued and outstanding. For more information on ASG Technologies, call 506-460-5400 or visit the company's web site at www.ASGTechnologies.com

About the Passwerks® Suite

The Passwerks Suite of products includes the Passwerks Privilege Server, Passwerks Client, Passwerks Services Manager and the Telecommunications Module. The Passwerks Privilege Server offers single sign-on and access control capabilities that allow administrators to determine which users may access the network and what network elements and services they may utilize. Administrators define each resource within the distributed network, and the layer of access to which each user/user group has authorization. The Passwerks Privilege Server establishes a trusted relationship with each network resource. Administrators may define users, user groups, domains and sub-domains that dictate individual user authorization levels as they apply to each element. Profiles can be easily modified at any time.

Note: This press release may contain forward-looking statements, including statements regarding the business and anticipated financial performance of ASG technologies, which involve risks and uncertainties. These risks and uncertainties may cause ASG technologies' actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, competitive pressures, the growth rate of the Internet and telecommunications concerns, constantly changing technology and market acceptance of the company's products and services. Investors are also directed to consider the other risks and uncertainties discussed in ASG technologies required financial statements and filings. All other companies and products listed herein may be trademarks or registered trademarks of their respective holders.

* Nortel Networks is a trademark of Nortel Networks

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