

FORM 27

SECURITIES ACT (BRITISH COLUMBIA)

**MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE SECURITIES ACT
AND SECTION 151 OF THE SECURITIES RULES**

1. Reporting Issuer

Net Nanny Software International Inc.
Suite 910
1111 Melville Street
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(the "Company")

2. Date of Material Change

June 27, 2000

3. Press Release

Date of Issuance: June 27, 2000

Place of Issuance: Bellevue, Washington

Distributed through: Canadian Corporate News and the
Canadian Venture Exchange

4. Summary of Material Change

The Company has entered into a sales and marketing alliance with IBM to create an on-line community solution offering that helps assure families and businesses safety and privacy when they are using the Internet. The alliance calls for the creation of a dedicated Net Nanny Security Practice to integrate IBM, Lotus and/or Tivoli ebusiness software and IBM hardware with Net Nanny filtering software and BioPassword®, Net Nanny's patented biometric technology.

5. Full Description of Material Change

See attached News Release

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

Not Applicable

7. Omitted Information

Nil.

8. Senior Officer

Contact: Gordon A. Ross
President and Chief Executive Officer

Telephone: 1-425-688-3008
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9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Bellevue, Washington, this 27th day of June 2000.

NET NANNY SOFTWARE INTERNATIONAL INC.

“Gordon A. Ross”

Gordon A. Ross, President and CEO

Press Release

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NET NANNY AND IBM FORM ALLIANCE TO BUILD INTERNET SECURITY PRACTICE

Internet security practice designed to offer families and businesses solutions based on the company's Net Nanny and BioPassword products and IBM e-business technologies

PC Expo, New York, June 27, 2000 – Net Nanny Software International Inc. (CDNX: NNS, OTCBB: NNSWF), leading developers of Internet security software, today announced a sales and marketing alliance with IBM to create an on-line community solution offering that helps assure families and businesses safety and privacy when they are using the Internet. The alliance calls for the creation of a dedicated Net Nanny Security Practice to integrate IBM, Lotus and/or Tivoli e-business software and IBM hardware with Net Nanny filtering software and BioPassword®, Net Nanny's patented biometric technology.

"Customers today are looking to find simple solutions to provide peace-of-mind in the rapidly changing Internet environment," said Gordon Ross, President and CEO for Net Nanny. "This announcement demonstrates IBM and Net Nanny's commitment to addressing the issue of Internet safety and security together, using our respective strengths."

Rapidly growing Internet usage among children and youth is creating an increased focus on the issue of child safety. In a recently released report by the Crimes Against Children Research Center at the University of New Hampshire, 19% of the youth surveyed received a sexual solicitation over the Internet in the last year, 25% had an unwanted exposure to pictures with sexual content, and 6% were threatened or harassed.

Through its alliance with IBM, Net Nanny will create a sales portal to offer its family-focused on-line community and related security solutions to parents. Net Nanny will provide technical resources certified in IBM e-business solutions and dedicated sales and marketing resources to support the relationship.

"Families and businesses alike are seeking ways to keep unwanted, objectionable Internet content from invading their homes and offices, and IBM is strongly committed to supporting this requirement," said John Pratt, vice president of partner development, IBM. "Net Nanny's filtering and security products, combined with the proven scalability and security of IBM technology, provides a way to benefit from the best of the Internet while shielding users from content they find objectionable."

Initiative includes Biometrics for Enterprise Security

In addition to IBM-based Net Nanny filtering solutions, Net Nanny will offer computer security solutions built around BioPassword®. BioPassword uses the Company's patented keystroke dynamics technology to bind computer users to their user name and password through a unique biometric key. The combined Net Nanny and IBM solutions will soon be available worldwide. In addition, IBM will promote Net Nanny's integrated biometric and security solutions and enable links with IBM's value net of Business Partners.

A Premier member of IBM's Service Providers for e-Business Initiative, Net Nanny is one of a growing number of IBM Business Partners that receive marketing, education and sales support to assist in the delivery of value-added e-business services based on IBM solutions. The Service Providers for e-Business Initiative is part of IBM PartnerWorld, a marketing and enablement program designed to help drive marketing opportunities for IBM Business Partners, and provide customers with e-business solutions including products, services, technologies and marketing.

Studies show that computer theft is one of the fastest growing crimes globally and according to the American Society for Industrial Security, corporations lose approximately \$65 billion dollars to high-tech crimes.

"We are seeing a steadily growing demand for a way to transform the Internet into a secure online community on the part of businesses, Internet Service Providers, organizations such as schools and libraries, and families," said Mitch Tarr, VP of Strategic Alliances for BioPassword. "IBM's penetration in both the home and corporate markets makes them the ideal business partner. As an IBM Business Partner, our Company can grow its business by capitalizing on IBM's e-business leadership and multiple routes to market around the world."

Note to members of the press: If you are interested in speaking with a Net Nanny or IBM executive, please contact Steve McLean, Net Nanny PR Manager, at (206) 295-5147. Net Nanny Software will be in the Biometrics Pavilion at the Javits Center, June 27-29, at booth 1324, where they will be demonstrating BioPassword.

About BioPassword

BioPassword® uses the Company's patented keystroke dynamics technology originally designed and developed at Stanford Research Institute. Binding the user to their user name and password through a unique biometric key, BioPassword gives the user ID and password system a layer of user authentication security with a unique keystroke dynamics biometric profile, making compromised passwords useless in the event of a security breach. BioPassword is unique because it is "software only," thus eliminating the need for additional hardware and maintenance associated with other biometric solutions. While the technology's first application is for Windows NT, it has the potential to be adapted into any password-driven environment where authentication of the user is necessary, such as overall network security, ATMs, and on-line e-commerce environments – anywhere a keyboard or keypad are used. For more information on the technology visit the product site at www.biopassword.com.

About Net Nanny Software International Inc.

Net Nanny Software International Inc., a publicly traded company (OTCBB: NNSWF, CDNX: NNS) with headquarters and subsidiaries in the United States and Canada, specializes in Internet safety and computer security products for both the home and enterprise markets. Its globally recognized flagship product, Net Nanny®, was the first Internet filtering and child safety software product of its kind to ship, in January 1995. Widely regarded for its open lists and comprehensive features, Net Nanny continues to appeal to domestic and international audiences who appreciate its flexibility. The Company also ships another security-related product, PC Nanny™ and owns a patented "keystroke dynamics" biometric technology, called BioPassword. The Company's products address the growing need to secure access to mission-critical computer data, and give users the freedom to choose options consistent with their individual needs and value systems. The Company is actively pursuing strategic alliances and other opportunities to leverage its security focus and brand recognition. For more information, contact the Company at www.netnanny.com or call (425) 688-3008.

On behalf of the Board of Directors

Net Nanny Software International Inc.

"Gordon A. Ross"

Gordon A. Ross
President and CEO

Note to Readers

Certain statements identified as "forward looking statements" are made pursuant to safe harbor provisions of the Securities Exchange Act of 1934, in this Press Release and are not based on historical facts, but are instead based upon a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Actual events and results may materially differ from anticipated results described in such statements. The Company's ability to achieve such results is subject to certain risks and uncertainties, including but not limited to, adverse business conditions in the industries served by the Company and the general economy, competition, new laws and regulations impacting the products that the Company provides, and other risk factors affecting the Company's business beyond the Company's control. These risks may be further discussed in periodic reports and registration statements to be filed by the Company from time to time with the Securities and Exchange Commission in the future.

The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or the accuracy of this Press Release.