

**BC FORM 53-901F
(Previously Form 27)**

**MATERIAL CHANGE REPORT UNDER SECTION 85 (1) OF THE
SECURITIES ACT (BRITISH COLUMBIA)**

1. Reporting Issuer

Net Nanny Software International Inc.
Suite 200, 15831 NE 8th Street
Bellevue, Washington 98008

(the "Corporation")

2. Date of Material Change

July 2, 2001

3. Press Release

Date of Issuance: July 2, 2001

Place of Issuance: Bellevue, Washington

Distributed through: PR Newswire and the
Canadian Venture Exchange

4. Summary of Material Change

The Corporation signed an investment banking and financial consulting agreement with MDB Capital Group LLC, a U.S. merchant and investment banking firm.

5. Full Description of Material Change

The Corporation entered into an investment banking and financial consulting agreement with MDB Capital Group LLC ("MDB"), a U.S. merchant and investment banking firm, effective July 2, 2001 (the "MDB Agreement"). Under the terms of the MDB Agreement, MDB will provide assistance concerning business development, financing goals and plans, mergers and acquisitions, stock market listing strategies and introductions to research analysts, market makers and institutional investors within the North American financial community. (See also Press Release attached)

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

Not Applicable

7. Omitted Information

Nil.

8. Senior Officers

Contact: Gordon A. Ross
President and Chief Executive Officer

Telephone: 1-425-688-3008

Facsimile: 1-425-688-3010

9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Vancouver, British Columbia, this 5th day of July 2001.

NET NANNY SOFTWARE INTERNATIONAL INC.

"Linda Holmes"

Linda Holmes, Corporate Secretary

PRESS RELEASE

For more information, contact:

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Investor Relations

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NET NANNY SIGNS INVESTMENT BANKING AGREEMENT

Bellevue, Washington, July 2, 2001 – Net Nanny Software International Inc., (**CDNX: NNS, OTCBB: NNSWF**) announced today that it has signed an investment banking and financial consulting agreement with MDB Capital Group LLC, of Santa Monica, California.

MDB Capital has agreed to provide the Company with assistance concerning business development, financing goals and plans, mergers and acquisitions, stock market listing strategies and introductions to research analysts, market makers and institutional investors within the North American financial community.

"We are pleased to have reached this milestone agreement with MDB – our first U.S. investment banking partner – as part of our ongoing strategy to strengthen the Company's shareholder base and market liquidity within the American markets," said Greg Danielson, chief financial officer of Net Nanny Software International Inc.

"Net Nanny's patented BioPassword® technology is the first biometric I have seen that is hardware independent," said Anthony DiGiandomenico, Partner of MDB Capital Group. "We believe that BioPassword could very well be the technology that brings biometrics into the mainstream."

About MDB Capital Group LLC.

MDB Capital Group LLC is a merchant and investment-banking firm, which invests in growth companies as well as assists these companies in accessing the capital markets efficiently. MDB was founded in 1997 by principals who have successful track records of funding companies and who have extensive experience in assisting growth companies to position themselves to best take advantage of the benefits of being public. MDB is also a broker/dealer, which maintains securities accounts through a fully disclosed clearing relationship with Correspondent Services Corporation, a wholly owned subsidiary of Paine Webber, Inc. For more information on MDB contact:

Mr. Anthony DiGiandomenico

MDB Capital Group LLC

401 Wilshire Blvd. Suite 1020

Santa Monica, CA 90401

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Member NASD, SIPC

About Net Nanny Software International Inc.

Net Nanny Software International Inc., a publicly traded company 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. The Company shipped the world's first Internet filtering software in January 1995 and began offering its first biometric authentication product, BioPassword® in December 2000. For more information on Net Nanny, visit www.netnanny.com or BioPassword, visit www.biopassword.com or call (425) 688-3008.

On behalf of the Board of Directors

Net Nanny Software International Inc.

"Gordon A. Ross"
President and CEO

Note to Readers: Statements in this news release looking forward in time involve risks and uncertainties, including the risks associated with the effect of changing economic conditions, trends in the development of the Internet as a commercial medium, market acceptance risks, technological development risks, seasonality and other risk factors.

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